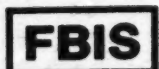


JPRS 82666

18 January 1983

Latin America Report

No. 2635



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

18 January 1983

LATIN AMERICA REPORT

No. 2635

CONTENTS

ENERGY ECONOMICS

MEXICO

Briefs

Ensenada PEMEX Construction Suspension	1
--	---

COUNTRY SECTION

ARGENTINA

Construction of New Military Aircraft in Progress (LA PRENSA, 29 Nov 82)	2
'CONVICCION' Editor Dismisses Validity of Junta's Proposals (Hugo Ezequiel Lezama; SOMOS, 19 Nov 82)	4
Grondona on Significance of U.S. UN Vote on Falklands (Mariano Grondona; A FONDO, Nov 82)	7

BRAZIL

PDS Loss Seen as Threat to Future Legislation (O ESTADO DE SAO PAULO, 28 Nov 82)	10
Trade Negotiations, Projects Under Way With USSR (Various sources, various dates)	19
Sugar Negotiations	
Soviets Seek Copper	
Ambassador Refuses Comment	
Soviets Offered Fabric	
USSR Ships Hydrolysis Apparatus	

CHILE

Bank President Discusses Economic Situation (Francisco Javier Errazuriz Interview; QUE PASA, 2 Dec 82).	23
--	----

Opposition Leaders Broach Political Solutions (Patricia O'Shea; QUE PASA, 2 Dec 82)	27
--	----

COLOMBIA

M-19 Leader 'Boris' Rejects Amnesty (Gustavo Arias Londono Interview; CROMOS, 14 Dec 82)	32
Television Producer Tells of Meeting With Bateman (Eligio Garcia; CROMOS, 30 Nov 82)	36
Paper-Manufacturing Plant To Create 12,000 Jobs (EL TIEMPO, 13 Dec 82)	40
Nine Criminal Investigations Underway in Financial Sector (EL TIEMPO, 13 Dec 82)	45

MEXICO

Plight of Northern, Southeastern Rural Poor Portrayed (Guillermo Correa, Emilio Hernandez; PROCESO, 13 Dec 82) .	48
H. Castillo Fearful of Foreign Business Takeover (Heberto Castillo; PROCESO, 13 Dec 82)	55
PSUM Calls for Unity in Opposing Government Policy (Sara Lovera; UNOMAS UNO, 13 Dec 82)	60
Complaint of Clerical Disrespect for Constitution (Editorial; LA VOZ DEL SURESTE, 19 Nov 82)	62
Temporary Workers Constitute Bulk of Tabasco Work Force (Rogelio Hernandez; EXCELSIOR, 30 Nov 82)	64
Briefs	
Attorney General's Office Appointments	67
Illegal Central American Immigrants	67

BRIEFS

ENSENADA PEMEX CONSTRUCTION SUSPENSION--Ensenada, B.C.N., 30 Nov--For lack of preferential dollars, Mexican Petroleum [PEMEX] and its distributors in this locality suspended the construction of two gasoline and diesel oil supply plants. The manager of the Port and Maritime Service Enterprise of Ensenada, Sergio Barron, indicated that the costs of construction jumped 100 percent, which made it impossible to continue the projects that were being built with an investment of 500 million pesos. He explained that with the cancellation of these projects those ships which berth at the piers will have problems obtaining diesel oil and gasoline supplies. The refueling of vessels, he noted, will have to be done with supplies stored at the Rosarito plant. [Article by Javier Cruz] [Text] [Mexico City EXCELSIOR in Spanish 1 Dec 82 p 5-A] 2662

CSO: 3248/374

CONSTRUCTION OF NEW MILITARY AIRCRAFT IN PROGRESS

Buenos Aires LA PRENSA in Spanish 29 Nov 82 p 8

[Text] Cordoba--Engineer Francisco Luciano, in his talk during the proceedings of the First Engineering Symposium of the Center of the Republic which ended recently in this city, disclosed details of the new IA-63 plane that is to be built by the Military Plane Factory in cooperation with the German firm Dornier.

The design of the plane is practically completed and work is now under way on the building of the prototypes, the first of which will fly in December 1983, while the roll-out of the first production model is planned for December 1984.

The above-mentioned engineer stated that "Although the program has not yet reached its conclusion, many gains to be derived from it can already be detected, outstanding among which are: a positive advance in the field of transonic aerodynamics, an improvement in methods of calculating structures, training in the planning and implementation of development projects, optimization of the system of production planning and control, and even the implementation of a computerized system.

A Machining Plant

In addition, in the area of production, work has already been completed on the installation of a chemical machining plant, a new technology that enables the obtaining of lighter structures which greatly improve the performance parameters of the plane.

Work is also about to begin on the installation of two numerically controlled milling machines with a work table 4 meters wide by 24 meters long, which will make possible the fabrication of large integrated or self-directed panels, which are applicable, among other things, to the construction of wings, replacing conventional riveted structures and providing a better surface finish and consequently better aerodynamic performance.

He also indicated that "As implementation of the project progresses, other planned objectives will gradually be attained in the areas of flight testing, a computation center, logistical activities designed to ensure the operational capabilities of the plane, and, in sum, all sectors that make up an enterprise entity that designs and produces planes."

Lastly, engineer Luciano said that "It is becoming clear from the mentioned facilities that this program goes well beyond the mere obtention of a plane, in that, with its completion, the nation will have the capability to undertake aeronautical projects of greater scope, enhancing its position as a supplier and enabling the export of high-technology products."

9238

CSO: 3348/128

'CONVICCION' EDITOR DISMISSES VALIDITY OF JUNTA'S PROPOSALS

Buenos Aires SOMOS in Spanish 19 Nov 82 p 50

[Commentary by Hugo Ezequiel Lezama, managing editor of the daily CONVICCION: "Better a Resentment Controlled Than a Reconciliation Chanced"]

[Text] No physician with even a modicum of prudence would so much as think of entering a patient, who for the past 7 years had been immobilized, in a footrace, without first putting the patient through a period of progressive exercise. However, this is what a government that has been put to shame by its failures is planning to do with Argentina, in an obligatory partnership with a political leadership, the only common factor between them being a greediness for power. And between them they ply their dialectics, and between them they will decide everything without permitting us--the civilian citizens and nonpoliticians--to intervene in the least. And this, to say the least, is ridiculous and in no way democratic. The military regime got entangled in its own innards by talking too much and at times that for doing so were psychologically inapt. The political leadership, since it sees nothing beyond the ballot boxes, is interested in nothing but the elections, and never mind, now, what may follow. As if the nation had no history and as if its sad experiences have served no useful purpose. If the elections were actually a national concern, the politicians would not be complaining (off the record, of course) of the lack of desire on the part of the citizenry to register with the parties. And please! Let no idiot read into these words any intention on my part to advocate destabilizations or sterilization coups, either of which would only smooth the way for terrorism. I believe it is now time for the military to make good on their word. What I do not believe is in the current political leadership, and, though there may be exceptions, I do not care to take them into account because when it comes to the point of seeking constituencies, the politicians are all alike. What I am referring to, however, is easily inferred: Those who have an apparatus have no aptitude; those with an apparatus and aptitude have no voters; and those with no apparatus, even if they had voters, have no way of showing their aptitude. There are also those who have the aptitude but who lack apparatus and voters. And so, why bother?

Meanwhile, the situation in Argentina grows progressively more slithery; wars won but not recognized, wars lost but too acknowledged, corruption

of souls and pockets, fears, allies demonstrating, at a nauseating speed, an aptitude for betrayal that no one would have thought them capable of when they were accepting privileges, fear and such a desire on the part of everyone for reconciliation with no one, that there was no lack of politicians to howl against Cardinal Aramburu himself for manifesting reasonableness rather than factiousness. As is to be expected, everyone talks of national unity, of putting aside hatreds, of forgetting grievances and cultivating the most beautiful blooms of civilized coexistence in the garden of democracy. Of course, no one is being taken in. Either with regard to national unity or with regard to youth. I believe there has never been a time in the history of this unfortunate country when so much oral attention has been paid to its youth. There is never a speech, by the government or the opposition, that does not contain an aria eulogizing our youth. The speaker's voice, upon reaching this point, becomes deep and solemn, trying to sound visceral--I do not say his eyes become moist, because possibly those eyes have never felt the presence of a tear--and, with attitude and gesture, the leader convokes the young--those who have never voted at all and those who until now have done nothing but vote--to the divine button. There is no problem: No one hears them because no one believes them.

But one must not be negative; general elections will resolve everything. Of course!

Well now, if the regime seems to me at the end of its tether, if I think a coup d'etat would lead inexorably to civil war, and if I feel that general elections be of no value whatever, what then?

Things would be different if they had sense enough to take things in stages.

For example:

1. Municipal elections in cities with populations of less than 100,000 inhabitants.
2. Municipal elections in cities with 100,000 inhabitants and over.
3. Elections for provincial legislatures and governors.
4. Elections for senators and national deputies, president and vice president.

The government is still in time to implement this "crescendo" and need not go beyond the promised time limit. The advantage lies in the fact that we would be gaining experience and observing its results first hand. This would enable us to be better prepared for the final vote, the vote for president, because we citizens would have more prior information available as to the performance of the winning parties in the earlier elections.

This is simple and does not seem stupid. Therefore, there is not the least possibility that it will be done. The present incumbents are concerned only

with reaching agreements with the incoming ones ensuring that certain issues will not be touched upon or investigated. I do not understand how they can fail to realize that any agreement is no more valid than the famous one of the five points, which guarantees the historic immortality of General Lanusse. On the other hand, even if the government should want echeloned elections, the political leadership would oppose them. Someone will think: "What does it matter if the political leadership is opposed, as long as the military hold the power?" Why, of course! I hadn't thought of that.

9238

CSO: 3348/128 B

GRONDONA ON SIGNIFICANCE OF U. S. UN VOTE ON FALKLANDS

Buenos Aires A FONDO in Spanish Nov 82 No. 24 pp 6-7

[Commentary by Mariano Grondona: "Marriage of Convenience"]

[Text] The UN vote cast by the U. S. delegation in support of the Argentine and Latin American position in the case of the Malvinas is, of course, not in itself able to offset the immense damage done by the military and logistical aid given to the United Kingdom during the war; but it is at least a gesture that enables us to take another look at the possibility of relations between the United States and Argentina, if indeed that possibility exists.

Let us try to add to our analysis of the question a necessary measure of equanimity: For some years until now, the Argentine political system as well as the behavior of our economy have strayed completely outside the commonly accepted norms of the West. A nation whose inflation rate habitually exceeds the three-digit level, one whose political instability results in a constant changing of presidents and ministers, above all, one where the status of individual rights is no way guaranteed, where the life and the freedom of persons depend on unilateral decisions not subject to judicial constraints, a nation in which an authoritarian regime born, admittedly, of an emergency that long ago ceased to exist--thereby ending the legitimacy of its governing bodies--has, for years, perpetuated itself, is strictly outside the law of Western civilization--a law based on respect for individual rights, on the primacy of the Constitution, on the subordination of force to law. True, our "bad image" has been nurtured by certain exaggerations or falsifications of fact, but, basically, it is correct. Argentina is a country that, as of today, lacks a civilized system of life in the sense in which the term "civilization" is understood in today's Western culture.

This explains many things, one of them being why no European or North American government is able to consider itself a "friend" of the Argentine regime; one cannot be a friend of another unless they share the same code of behavior and system of values. On the other hand, we must also come to grips with the fact that the quest for restitution of our constitutional system of government--an objective on which the achievement of any other relevant end will depend--tends to bring us closer to "being like" the United States. If we

were to finally achieve an Argentina in which respect for individual rights and supremacy of the powers of the Constitution are guaranteed, that Argentina would bear a greater, not a lesser, resemblance to the U. S. society and to the West European society.

We will have to recognize, then, that the institutional objective we are seeking is favorably viewed in the United States. A politically civilized Argentina might well be recognized as a "possible friend" by the United States. But not by us. The horrible memory of the "General Belgrano" sinking in the waters of the South Atlantic because a U. S. satellite passed deadly intelligence to our enemy will not be erased just like that. An Argentine-U. S. friendship has been excluded from the future by a war that will remain alive until the grievance in which it originated is satisfied, bringing peace to our dead.

This is the way it is. The Argentina of the future will, we hope, be more civilized and more akin to the United States. Not more of "a friend." We have no reason to be. Institutional kinship, a likeness of values, does not require strategic alliances, and the kings of the 18th century did not forgo warring among themselves despite their being first cousins. China and the USSR, China and Vietnam, do not love each other despite their Marxist rapport.

These broad "pen sketches" outline the possible course of a stable relationship between Washington and Buenos Aires. True, and justifiably: There was and could be no respect in Washington for the political regime of the Argentines in May of 1982. Those who were dying as a result of the assistance offered without reason to the United Kingdom, when a more restrained, even though pro-British, position could have been maintained, were, however, our people, human beings, plain and simple Argentines. It is they who block the road to an eventual friendship. There was none, after all, when their lives were at stake. That show of indifference was too brutal, it is too recent, to suddenly forget what occurred.

Relations between Buenos Aires and Washington were actually characterized by absurd appeals to passions. After all, why should we love each other? What have we in common? Even after having achieved a level of common values, our peoples will still be different and distant from each other. Each time an effort has been made to impose an "amorous" view of our relations, a marriage of love, the outcome has been the disenchantment of betrayals--betrayals because too much had been expected to begin with. In his primitive conception of diplomacy, General Galtieri assumed that a few officers in Central America, a visit here or there, a promise or two, would be sufficient to bring forth declarations of love from the heart of General Haig. The price of that illusion was the "General Belgrano," the open wound of an unexplained surrender. Seeking to love, we ended up almost hating. The United States was compelled to vote as it did in the UN, and we have been compelled to set out on the road to political civilization to prevent the seed of hatred from germinating. Today we can view our relationship dispassionately. And this is the way it should be viewed. If there is to be a wedding and to the extent that there must be one, it must be one of convenience--of mutual convenience.

These are the terms that must now govern an Argentine-U. S. relationship. Please, let us have no more appeals to "Western solidarity," whatever that resounding term may mean! Neither could we be of any assistance in a global war, nor would the United States be willing to assist us in the only imaginable war in our case--the Malvinas. So, let us put to one side the excesses of strategic rhetoric. The TIAR [Inter-American Reciprocal Assistance Treaty] has died. Without even so much as a trace of dignity. What remains ahead for us is a mere "do ut des," an "I give that you may give," by which to measure steps to be taken in common. If they give us their vote in the UN, they will find us better disposed in the OAS. If they do not block our financial efforts, we will be more encouraged in other domains. Matrimony, a relationship of mutual convenience. Today, something for you; tomorrow, something for me. If we keep our relationship on this simple level, it will endure. If we wish to set out on the byways of hatred, we will end up in frustration. If we indulge again in the rhetoric of love, sooner or later we will be crying "betrayal." The authoritarian and unstable Argentina we are enduring today cannot plan any kind of foreign policy strategy. The civilized Argentina of the future will do well to build with the colossus of the North a cold, formal, mutually advantageous relationship, without expecting from it any more than the exact counterpart of what we put into it. Nothing more, nothing less. Thus, time will go by, until, one day, someone will wake up to discover, with surprise, that what has precluded aspiring to more has been forgotten: In the North, our "bad image"; in the South, Haig's dagger.

9238

CSO: 3348/128 B

PDS LOSS SEEN AS THREAT TO FUTURE LEGISLATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Nov 82 p 4

[Text] Brasilia--The expectations about the conduct of the renewed future National Congress, after March 1983, is the cause of government concern and fear of an impasse with serious consequences. The loss by the PDS [Social Democratic Party] of its absolute majority in the Chamber of Deputies may lead to the paralyzing of the draft laws and constitutional amendments which make up the program of the Figueiredo government, as the legal tools for its implementation. This fact may lead to a clash between the executive and the legislative branches, if a way around it cannot be found through dialogue and negotiation.

The election of the president and other officers of the future Chamber of Deputies is seen as a basic step which will mitigate or aggravate these concerns expressed by individuals at the top level of government and prestigious politicians. However, personages in the opposition, such as Ulysses Guimaraes, Tancredo Neves, Severo Gomes and Ailton Soares are seeking to allay these fears, voicing their confidence that there will be no permanent and continuing obstacle to the government projects and to a compromise for the election of the leaders of the Chamber of Deputies.

The government has already prepared the list of draft laws and proposed constitutional amendments it wants to see assessed and voted upon by the future congress, within an entirely new framework for the revolutionary government, which in the past has always imposed its will either by means of institutional acts or through a docile parliamentary majority under the command of the executive branch.

The Proposals

President Figueiredo will become the chief of state who has approved more codes than any other in the history of Brazil, if the government succeeds in getting the new draft Penal Code, Criminal Procedures Code, Civil Code, Civil Procedures Code, Labor Procedures Code and Mining Code approved despite the fact that it no longer has an absolute majority in the chamber. As the Minors' Code has already been approved, it may be able to claim a total of seven new codes by the time its term of office comes to an end in 1985.

The Civil Code, one of the most important, is already in the final stage of discussion in the Chamber of Deputies, and is viewed by the government as an

important tool for the implementation of a more just social policy. It would work effectively, according to Minister of Justice Ibrahim Abi-Ackel, in resolving land problems, in the better defense of the rights of individuals against enterprises and the public authorities, and even those of small businesses against the power of the large corporations.

The new Civil Code "is designed to ensure that the reconciliation of individual and collective interests prevails in contemporary law," says jurist Miguel Reale, the president of the commission which prepared the preliminary draft of the code submitted to the congress in 1975. Reale says that the text stresses discipline for the so-called "rights of the individual, and in some basic articles, establishes the rules essential to the protection of subjective values, beginning with those pertaining to the rights over one's own body, for purposes of medical transplants or even scientific research. The problem of protecting personal image and privacy, as well as the use of an individual's name, are aspects which the new code text is designed to regulate, placing the value of the human individual at the fulcrum of juridical organization."

A proposal by the Ministry of Health, working in coordination with the Chamber of Deputies commissions, regulating the removal of organs or any part of the human body for transplants or for any therapeutic purpose, may be added to this chapter of the code.

The new Civil Code further proposes the adoption of the "ownership-labor" concept, which Reale defends as "socially qualified ownership." In other words, it involves maintaining the right of ownership, protecting those who make use of the land, such that they can no longer be forced off their plots by simple proof of possession by the legitimate owners, who rarely undertake to expend any funds on improvements. "The owner then receives a just price, according to the value assigned to his deed, but without benefitting from the improvements established through the work of others and through collective effort. Once the just price has been paid to the owner, the judgment will serve as documentation for the registry of the property in the name of those in possession of it," Reale explains.

The text further contains clauses providing protection against pollution of the air, water, landscape and ecology, consistent with the intention of the proposal to regulate the use of property, neighborhood rights and the norms governing apartment or office buildings in condominium form. Reale adds that the draft eliminates four other points in the present Civil Code: autonomous will, viewed as the sovereign source of binding obligations (changing the juridical treatment of contracts); the right of ownership without subordination to the dictates of the collective good; nonconsideration of labor as a decisive factor in civil relations; and the absolute right to bequeath (assignment of assets to heirs).

Civil Procedures Code

The 135 changes drafted for the Civil Procedures Code were prepared by the Ministry of Debureaucratization, and are being studied by the Ministry of

Justice. This draft is also to be sent to the congress next year with a view to modernizing and reducing the costs of court procedures, introducing such innovations as oral court procedures, use of electronic recording systems, new procedures for subpoenas and summonses, via the mails. Estimate and expert testimony procedures will be changed such as to eliminate unnecessary transfers of papers and records. Estimates will be provided by the parties in the presence of the judge, such as to avoid further trips to the accounting section for the mere calculation of interest.

With similar goals--speedy, inexpensive and uncomplicated justice--the establishment of a special small claims court is under study. This a priority of the Ministry of Debureaucratization for 1983, and will be evaluated by the new congress. The proposal calls for the establishment of courts to handle suits involving small economic sums, and the suggestions already received for improving it are being studied with a view to integration in the final text to be submitted to the president of the republic at the beginning of next year, and also the congress during the first half of 1983.

The draft arbitration law, also designed to simplify procedures and reduce crowding in the courts, like the preceding proposals, is to be sent to the congress in the first half of 1983. The legal text is designed to establish reliable and speedy procedures for settling disputes between contracting parties who, in the contract itself, have stipulated an arbitrator for the settlement of questions regarding the obligations arising from the agreement. It will relieve court crowding through speedy and more economical out-of-court procedures.

The Criminal System

Unlike the changes in the realm of civil law, each of which was carried out entirely separate from the others, the amendment of the Brazilian criminal law system was drafted as a whole, with the preparation of the new Penal and Criminal Procedures Codes, the Criminal Violations Law and the first Criminal Execution Law. The drafts prepared on the initiative of Minister of Justice Ibrahim Abi-Ackel are the product of studies on crime and violence. Their main innovations are the new system of penalties, simplification of court procedures and guarantees of the prisoners' human rights. The penalty of deprivation of freedom is avoided insofar as possible, being reserved solely for those who represent a threat to society. Financial penalties and other substitutes for imprisonment such as fines, indemnification, restriction on rights or obligations such as compulsory education and community service have been established, along with weekend detention. The new system, moreover, encourages the open and semi-open prison system, and also establishes better conditions for the rehabilitation of those sentenced to prison.

With a view to combatting crime and violence, the Ministry of Justice is also working on a revision of the Brazilian police apparatus, to be submitted to the next congress. To obtain criticisms and suggestions, the following will be published: a draft constitutional amendment giving the union the authority to legislate on public security, creating state public security systems and better defining the authority of the civilian and military police forces

(conflicts between the two types of bodies are said to be one of the main causes of police inefficiency), and an organic civil police law, creating police career training programs in all the states and establishing the minimum requirements for the education of civilian policemen. This law seeks to link the transfer of federal funds to the state public security sectors with a commitment on the part of the states to invest in human resources in exchange.

The Wage Law

Although the Ministry of Labor is also to send the draft of a new Labor Procedures Code to the congress next year, which will alter the procedural norms in the labor courts, the legislative change to be evaluated by the future congress which will be the greatest source of polemic discussion is likely to be the amended wage law, despite the fact that Minister of Labor Murillo Macedo insists that no study is being made along these lines. The reform, if there is any, is to be drafted jointly with the Planning Secretariat.

The reform of the CLT [Consolidated Labor Laws], which has been under study since the days of the Geisel government, should be partially completed next year with the submission of the new Labor Procedures Code to the congress. Some proposals, such as that dealing with the lay-off system, which will regulate mass dismissals, will be sent to the congress separately. The proposal by Murillo Macedo being studied by the Civilian Household of the Presidency establishes criteria for the dismissal of more than 200 employees, requiring that the enterprise inform the Ministry of Labor of the dismissals in advance. It also provides that the youngest, the single and those with least seniority will be dismissed first. During this period, the ministry will activate the National Employment System to find these people new jobs.

Another product of the CLT will be the revision of the strike law, designed to modify its provisions, especially with regard to the punishment of strikers, and to reduce the bureaucratic procedures involved. The system of arbitration in collective bargaining is also to be regulated by a law passed during the next legislature, along with new labor safety and medicine measures. Outside of the CLT, the most polemic proposal, next to the wage law reform, is the establishment of the Workers' Family Food Program (PAT-Family), calling for the distribution of a basic food basket at 50 percent below cost to workers earning up to three minimum wages.

Mining

The new Mining Code, which has been under study by the Ministry of Mines and Energy for more than a year, will be the sixth to be evaluated by the congress, beginning in 1983, with the priority purpose of guaranteeing continued exploitation of mining resources, mainly those still being imported for domestic consumption. Apart from this project, drafted on the initiative of the government and scheduled to be sent to the congress next year, 360 proposals pertaining to energy, in a general way, and mining, all authored by

parliamentarians, are in process. Some will be shelved when the present legislative session ends on 5 December, while others will be carried over as the legacy of the next legislature.

The new code, according to Anibal Craveiro, the legal adviser to the Ministry of Mines and Energy, will give priority to the exploitation of mining products which the country imports, such as metallurgical coke, potassium and phosphates, which overburden the balance of payments.

Tax Reform

One of the most important projects for the economic area drafted by the Figueiredo government for submission to the congress in 1983 is the tax reform being prepared by the Ministry of Finance and the Planning Secretariat. Even the opposition, which now controls the government in 10 states, the most economically important among them, is greatly interested in the reform which, on the basis of the government proposal, seeks to redistribute the responsibilities and the income among the three government sectors--municipal, state and federal--with a decentralization of decision-making and power.

The proposal is also designed to exempt some basic food products from the tax on the movement of merchandise (ICM), and to concentrate the collection of the finished goods tax (IPI) on tobacco, beverages and automobiles, eliminating the charges on other items as a way of reducing prices and simplifying the tax operations of enterprises, mainly those of smaller size. Another goal is to involve the states in the government's export effort. To this end, a special fund will be created to compensate for the ICM exemptions on export products.

In addition to tax reform, which does not involve major changes in the income tax for natural persons and enterprise profits, the Ministry of Finance has under study the drafting of a constitutional amendment which would eliminate the annual payment principle for the Tax on Financial Operations (IOF). Thus the IOF could be increased at any time during the year and could be collected immediately, without challenge from the taxpayers.

Debureaucratization

The Ministry of Debureaucratization ranks second only to the Ministry of Justice in the number of projects it has to be sent to the congress beginning in March. Apart from the special small claims court, the simplification of the Civil Procedures Code and the Arbitration Law, mentioned above, the Ministry of Debureaucratization has already drafted a series of other proposals or is completing them now, such that they can be submitted to the congress next year.

These projects include those which will simplify the registration of births (eliminating witnesses), and making registry possible at the maternity hospital itself); the recording of marriages (eliminating the banns and witnesses for qualification); the registration of deaths (allowing burial at

the place of death); and the registration of diplomas, in joint studies with the Ministry of Education.

The studies on the proposed certificate of fiscal and financial regularity for real estate operations is also in the final phase of study at the Ministry of Debureaucratization. It calls for simplification of real estate transactions, with a substantial reduction in the number of certificates required. The proper documentation, on the basis of this project, is to be filed with the registry office for certificates and documents, which will issue a single certificate valid for 6 months.

The Ministry of Debureaucratization will further propose to the future congress that public documents be simplified, reducing their size and changing the forms dating from the Middle Ages, such as to include all of the necessary data on a single sheet. This proposal is being assessed by the Ministry of Justice, along with the proposals pertaining to the mechanical stamping of signatures and microfilming. The former would regulate the mechanical signing and initialing of documents, while the second would establish the validity of microfilmed documents, now limited to certain areas only, banks in particular.

One Ministry of Debureaucratization project, however, is unlikely to reach the congress as Minister Helio Beltrao would like. It is that establishing a single identity card form which would be valid throughout the country. This document would indicate the PIS/PASEP [Social Integration Programs/Civil Servants Welfare Fund] CPF, birth and other registry numbers, with the description of the bearer, and would render presentation of the documents mentioned unnecessary. The Ministry of Justice has already advised against such a form because it would threaten the privacy of the citizen.

Expropriation

The proposed new urban development law drafted by the National Urban Development Council (CNDU), which has been under study since 1975, is expected to be submitted to the congress next year. However, it is expected that study of it will continue, or it may be shelved, since other proposals advantageously replace it. These include the new General Expropriation Law, which the Ministry of Justice has already completed, and which is to be sent to the congress during the first half of 1983. This proposal creates juridical tools for expropriating private property for the purposes of urban development, protection of natural resources, uses of social or public interest, agrarian reform, and even the maintenance of urban homesteaders, "without violation of the right of ownership guaranteed by the constitution," says the commission which drafted it. The text seeks to simplify procedures while guaranteeing just compensation, prior payment in cash, a reduction in excesses, use of the expropriated property for the purpose intended by the document expropriating it, and restitution of ownership on the excess or any portion not so used.

The Ministry of Justice is also, working through the commission headed by Professor Marcal Romeiro Bchara, drafting a new bankruptcy law. The studies

are expected to continue throughout 1983, and the proposal will not be submitted to the new congress until the 1984 legislative session, the last year of the Figueiredo government. Plans call for the introduction of a new concept of the bankruptcy process, designed basically, Bchara says, to protect the country's business system, to prevent fraud, to make it compulsory for the businessman himself who is in hopeless difficulty to report that fact, and to simplify the judicial process safely.

Proposals for changes in and consolidation of the legislation on censorship are also expected to be completed by the Ministry of Justice during the first half of 1983, for submission to the congress beginning next August, according to Jose Rosa Abreu Valle, president of the Higher Censorship Council. He urges more objective legislation which will assign the CSC a real role as the state authority reconciling the interests of the producers of public entertainment and the consumers, in view of the real fact that films and performances today are in the majority consumer products for purposes of profit. The reorganization of the legislation on censorship should further eliminate certain "excrecences," such as Decree Law No 1077, which instituted prior censorship in the country for all types of publications, and although it has fallen into "disuse," has not been specifically revoked.

Communications

In the Ministry of Communications sector, only the polemic Telecommunications Code, which as of the 11th of this month had been under consideration by the Planalto Palace for a year, is the only pending issue. The old code covered the areas of telecommunications, postal services and radio broadcasting. Under the Figueiredo government, the Postal Services Law was approved, and the ministry submitted the draft Telecommunications Code to the Planalto Palace.

Education

Five proposals of interest to the Ministry of Education are before the congress, and in 1983, it is expected to receive an executive branch proposal for the reorganization of the Brazilian universities, mainly with a view to separating them from the DASP [Public Service Administrative Department] and allocating an overall budget to them. These changes involved alterations not only in the legislation on education, but in the public employment structure and the budget for public bodies as well. The proposals governing the establishment of and changes in the number of places allocated for postgraduate courses, elimination of the registry of higher educational diplomas or certificates, and a change in the name of the National School Materials Foundation, such as to expand its goals with the establishment of the National Student Aid Foundation, which would absorb the National Student Aid Institute, are already before the congress. This new foundation would be responsible for study scholarships and school nutrition, basically.

Social Security and Welfare

This year alone, the commissions in the chamber have dealt with more than a thousand proposals offered by parliamentarians designed to make changes in

social security and welfare. The secretary general of the Ministry of Welfare and Social Security, Guilherme Duque Estrada, regards it as risky or insufficient to send new proposals to the congress as soon as 1983 has begun without previously analyzing the conduct of the legislature with its new structure, with the opposition in the majority, in the chamber. Depending on the agreement reached between the executive and legislative branches, this ministry could propose a new draft law to equalize the welfare benefits provided to urban and rural workers. The greatest obstacle to the acceptance and dispatch to the congress of such a measure, already rejected by the Civilian Household of the Presidency in other forms, is the lack of any source of funding for bringing about this change.

Transportation

The parliamentarians who will take office next year will find themselves faced with a schedule date--22 March--for the vote on the Ministry of Transportation proposal which would create the National Rail Freight Transport Registry. The executive branch is also expected, by the end of 1983, to submit a proposal for the regulation of the transportation of dangerous cargo, which the Ministry of Transportation has already submitted to the Presidency of the Republic. The proposed bylaws for the urban and metropolitan mass transport bodies are under study, with no date set for submission.

Ministry of Interior

The most important Ministry of Interior draft law still pending is that defining the forestry policy for the Amazon region and the economic and ecological zoning for the region. The Planalto Palace has already had this text in hand for more than a year, and according to Minister Mario Andreazza, it is possible that it will be sent for evaluation to the new congress, which will also vote next year on the proposal to establish a national civil defense system, as well as guidelines for government action in cases of public catastrophe.

Politics

The draft law to be sent to the congress by the executive branch next year which will most directly affect all the deputies and senators is that governing the mixed district voting which will prevail in the 1986 elections. The intention of Minister of Justice Ibrahim Abi-Ackel is to complete a draft law with various alternatives and to submit it to the Planalto Palace and later to the PDS by March. Aware that there will be much polemic discussion and that, if such a law is not approved sufficiently in advance of the coming elections, it could lead to serious political problems just prior to the 1986 election, Minister Abi-Ackel intends to push for its approval.

The general orientation of the project at present calls for a division of the seats in the Chamber of Deputies into 50 percent to be filled by those elected by the district system, and 50 percent for those elected by proportional voting. The deputies elected last 15 November would automatically

be candidates, and could run for office both for a district and on the party list, simultaneously. The greatest problem, according to Abi-Ackel, will be the territorial division of the districts, now within the jurisdiction of the electoral courts, which will force the politicians to reorganize their electoral bases. The minister of justice defends the participation of party representatives in the territorial division, which might require a constitutional amendment, making negotiations to obtain approval of the project still more difficult. In connection with the new changes in the electoral legislation, the minister of justice believes that this should be proposed by the "greatest experts in the matter, the politicians themselves," and he believes that the executive branch should refrain from proposing further alterations.

Consolidation

The great renewal of the National Congress, with new and inexperienced parliamentarians, as well as the ever-greater reduction of the number of deputies and senators who are lawyers, is another concern of the government, and of Minister of Justice Ibrahim Abi-Ackel, in particular. It is his desire to work toward a reduction in the number of laws, the consolidation of the existing legislation, and the perfecting of legislative technique.

In this area, the government, working through the Petronio Portella Foundation, in cooperation with the Ministry of Justice, has been pursuing a program of legislative consolidation involving a compilation of the legislation in effect in the various realms of law with a view to the later drafting of consolidation proposals to be approved by the congress, without any scheduled deadline. Six compilations have already been published: "Rental and Lease of Real Property," "Credit Instruments," "Expropriation," "Narcotics," "Succession" and "Election and Parties." "Traffic Law" and "Consumer Relations (Consumer Rights)" have gone to press, and a number of other works such as "International Trade," "Monetary Adjustment," "Urban Development Law" and others are in preparation.

5157

CSO: 3342/41

TRADE NEGOTIATIONS, PROJECTS UNDER WAY WITH USSR

Sugar Negotiations

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Nov 82 p 51

[Text] Brasilia--The Brazilian government will undertake negotiations with the Soviet Union for a part of its sugar stocks, in order to reduce the surplus of this product accumulated thanks to the suspension of exports almost 3 months ago. The president of the Sugar and Alcohol Institute, Col Confucio Pamplona, who traveled to Vienna, Austria, early in the week, is holding talks with Soviet trade representatives there.

The placement of sugar on the international market is a concern of the Brazilian government. Low prices for the product--about \$150 per ton--continue to prevail, as a result of the large surplus provided by the beet sugar harvest in the European Economic Community countries.

The efforts made to date by Minister of Industry and Commerce Joao Camilo Penna to persuade the Europeans not to place their stocks on the market, so as to balance prices, have been fruitless. Another proposal this minister made to the Europeans, urging use of a mixture of alcohol and gasoline, has also been unanswered as yet.

These ideas, particularly the last mentioned (mixing alcohol and gasoline), which would have the advantage of reducing oil costs while at the same time contributing to balancing the prices for the product on the international market, will only come to maturity in the course of the next 2 years, during which period it is expected that the Europeans will assimilate them.

Until this happens, it is not likely to be possible to persuade the EEC to participate in the ISO [International Sugar Organization] with a view to promoting an agreement to regulate the market. Advisers to Minister of Industry and Commerce Joao Camilo Penna are convinced that only the United States would be in a position to intervene with the Europeans to bring about not only the withholding of stocks, but also EEC entry into the ISO.

As the discussions of this matter will take time and will involve detailed negotiations among the producer countries, in order to reach a consensus on the establishment of quotas for each country, as has occurred with coffee, Brazil will seek to expand its exports of this product to the Eastern countries.

This is not the first time Brazil has sought to sell sugar to the Soviets. In the past 3 years, these efforts have been successful, but always on a temporary basis. There has never been continuity. Now, Colonel Pamplona is to meet with a high Soviet representative in the economic sector--his name has not been supplied--in an effort to establish a deeper relationship and also to draft an export program of a more medium and long-range nature. Pamplona will also propose that the Soviet government undertake the experiment, which has been crowned with success in Brazil, of mixing alcohol with gasoline, which can be done immediately without any disadvantage to the consumers.

After talking with the Soviet representative in the Austrian capital, Colonel Pamplona may make a tour of the Eastern countries with a view to strengthening bilateral trade. Sugar may be traded for products that they can supply to Brazil.

Soviets Seek Copper

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Nov 82 p 29

[Text] Rio de Janeiro--A Russian mission headed by Yuriy Saltanov met with leaders of the Rio Doce Valley Company and its subsidiary, DOCEGEO, yesterday afternoon concerning the copper at the Salopo mine, located in Carajas. Saltanov is the director of the technological department of the Russian state foreign trade enterprise, and he and the six technicians accompanying him expressed interest in an exchange of technological information on the copper concentration in Salopo.

This is the fourth foreign technical mission to come to Brazil because of interest in the Carajas copper. The first, representing Anaconda in the United States, came at the invitation of the Rio Doce Valley Company itself to present a technical report on the utilization and concentration of copper from the Salopo mine, which is found in association with other metal ores such as molybdenum and gold.

The fact that the Salopo mine is one of the largest in the world, with 1 billion tons of copper, has led to great interest abroad. As a result, the Anaconda team was followed by one from the Kennecott Corporation, another American company, and later a German technical mission.

The Rio Doce Valley Company has been directed by the government to pursue the project with other private firms. Among those which have indicated interest are Eluma (of Sao Paulo), Anaconda itself and the Kennecott Corporation. However, none of them seems prepared to make the investment of \$20 million in the pilot plant now.

All of the enterprises point out that the world is experiencing a serious economic recession, and that the price of copper on the world market is dropping, such that justification for the launching of the project now is lacking. By itself, the Rio Doce Valley Company will not be in a position to proceed with it.

Ambassador Refuses Comment

Brasilia CORREIO BRAZILIENSE in Portuguese 19 Nov 82 p 6

[Text] The Soviet ambassador to Brazil, Vladimir Chernychev, was unwilling to comment on the diplomas awarded Brazilian students who have graduated from Patrice Lumumba University in Moscow, which the MEC [Ministry of Education and Culture] has refused to recognize.

The ambassador spoke to reporters following his meeting yesterday afternoon with Minister of Education and Culture Ester de Figueiredo Ferraz. He said, without the aid of an interpreter, that this was a "protocol, courtesy visit," and he took the opportunity to speak of the various possibilities for cultural and educational exchange between Brazil and the Soviet Union.

The Soviet ambassador mentioned as an example of such an exchange the visits by Soviet performing groups in Brazil, and of Brazilian groups to the USSR, simply as a beginning with a view to a broader cultural exchange of experience.

Vladimir Chernychev, who had welcomed questions up to this point, did however refuse to comment when asked about the more than 500 diplomas issued to students trained at Patrice Lumumba University in Moscow, which the MEC is holding and refuses to recognize. One of these diplomas was issued to Anita Leocadio Prestes, the daughter of the former secretary general of the Brazilian Communist Party, Luis Carlos Prestes. Having been awarded a diploma in political sciences in the Soviet Union, she has gone to court to obtain recognition of the document in Brazil.

"It is still far too early to speak of this," the Soviet ambassador commented curtly. Then, with a brief "so long," he ended the interview.

Soviets Offered Fabric

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 82 p 24

[Text] Curitiba--Brazil may export cloth to the Soviet Union next year, if the negotiations launched by Delden Gronau, a textile enterprise in the industrial city of Curitiba which has already exported to Eastern European countries for the past 2 years, are successful.

Dieter Struck, the superintending director of Delden, views the possibility of new exports as an obvious indication of the recovery of the enterprise which, at the beginning of the year, dismissed more than 400 employees and closed its garment-making section and all of its shops, in an effort to reorganize its internal economy. The enterprise, affiliated with the German Delden group, which declared bankruptcy in Europe 2 years ago, lacked the turnover capital necessary to move its production.

"Even with all of the difficulties, we have succeeded in ending the year without recourse to composition," says Struck, who is optimistic about the

results with regard to possible exports. This industrial enterprise is functioning today at less than 50 percent of its installed capacity, and at a deficit. However, the enterprise plans call for gradual recovery, with an approximate increase in production of 5 percent per month until a normal production level is reached in the middle of next year. It will rehire personnel in some sectors "provided our creditors and suppliers cooperate," Struck says.

The possibility of new exports, he believes, is only a part of the sales movement for the enterprise which, when it began to cut back on activities at the beginning of the year, canceled export contracts worth more than \$1.5 million. Dieter Struck believes that if export activity is started up again, the enterprise could meet its commitments, with negotiated due dates. The Parana State Development Bank (BADEP), a stockholder in the enterprise and one of its major creditors, is directing the reorganization of the enterprise through a technical commission and, Struck says, "full conditions for recovery within a relatively short period exist."

USSR Ships Hydrolysis Apparatus

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 November 82 p 25

[Text] On the 15th of next month, six assemblages of apparatus for hydrolysis will be loaded in the port of Leningrad, in the Soviet Union, for shipment to Brazil. They were produced by the Soviet Neftekhimpromeksport enterprise for Coke and Wood Alcohol, SA (COALBRA), which is located in Uberlandia, Minas Gerais, and is the first national industrial enterprise to produce ethanol from wood.

The hydrolyzers have a capacity of 50 cubic meters internal volume each. They are made of an alloy of titanium AT-3 "which has the highest heat and corrosion resistance index of any structural material," as the director and president of COALBRA, engineer Sergio Vieira da Motta, explained it. The enterprise has chosen to use sulfuric acid for the wood hydrolysis phase, and only this special titanium alloy has the capacity to resist the corrosion caused by this acid.

Protocol

Last October, COALBRA and Neftekhimpromeksport signed a protocol in Moscow defining the schedule for the delivery of the equipment being manufactured in the United States on the basis of a contract signed last year between the two enterprises. This contract calls for the delivery of parts for the wood hydrolysis phase against commercial credit in the amount of \$6.5 million.

According to the 19 October protocol, the Soviet enterprise must by 5 February 1983 make available to COALBRA, in the port of Leningrad, the complexes of lids, valves, evaporators, condensers, mixers and internal devices which, together with the hydrolysis apparatus, are the only imported components in the entire project. By next 25 December, according to engineer Sergio Vieira da Motta, "Neftekhimpromeksport will provide the information on the experts who will supervise the installation of the equipment in Uberlandia."

5157

CSO: 3342/41

BANK PRESIDENT DISCUSSES ECONOMIC SITUATION

Santiago QUE PASA in Spanish 2 Dec 82 pp 18-19

[Interview with Francisco Javier Errazuriz by Ximena Acevedo: "The Banks Cannot Bring About Revival"]

[Text] Francisco Javier Errazuriz, undoubtedly one of the youngest bank presidents in the Chilean financial system, belongs to a species which today is almost extinct: Species of optimists. Convinced that the country has not lost its possibilities of moving ahead, he justifies his optimism in the light of his experience as a banker where he started from scratch and had to cope with many difficult situations.

"I became a banker," he told us, "working for several years in a small finance company, located on the second floor of a building, bringing coffee, answering the phone, calling clients, preparing anything from billing statements to silver quotations and trying to do the best job possible. As you can see, I started my business from the very bottom and I believe I know it relatively well. And because any beginning is difficult and requires you to face complex situations, it is now, that the national situation is so complicated, that I have been able perhaps to overcome its problems in a better way than others."

He said that he was not one of the "eager beavers" who jumped on the victory bandwagon but rather devoted every effort to hard work, without shying away from such jobs as farming and mining--"I purchased land and I have been mining gold ever since business declined seriously." He assured us that, although his businesses owe money, his liabilities are backed up by solid assets, of which he feels very proud and, in spite of the fact "that, in this country, it has become a sin to have debts," he is sure of himself, especially concerning his main job which is being president of the National Bank.

The statistics on this institution point to a rather positive result.

"The bank has been successful," he explained, "and that is borne out by the official statistics from the Superintendency, putting us in one of the leading positions concerning profitability, operating profits, and other indicators by virtue of the bank's solvency and its good management. This does not mean that we have not been facing the country's problems because we do have branches throughout the land. I believe that this institution has come out of the recession better than others and this perhaps is due to the fact that it

managed to do a better job in picking its clients."

[Question] Why did the National Bank renegotiate its expired portfolio only a few days ago?

[Answer] There was no urgency in selling the expired portfolio to the Central Bank, nor was there any urgency on its part to purchase that portfolio. I think that this was due precisely to the fact that the institution which I head has implemented a policy of penalizing its overdue loans when it was not possible to get them back at the right time. In this way we managed over many years to be one of the soundest banks on the market and, in spite of the fact that we are now in the midst of a recession, the expired portfolio can be absorbed quite calmly by the profits and commissions to which we must add the guarantees the bank has on its loans. It was for reasons of caution that the National Bank recently sold to the Central Bank a little more than 370 million pesos in expired portfolios, loans which we are confident we can buy back in their entirety before the end of the year.

[Question] What role does the bank play in the process of reviving the economy?

[Answer] In my judgment, it must play a fundamental role; but it cannot bring about recovery as such. Let us remember that financial institutions are mere middlemen which reflect national events, good or bad as they be, but which cannot influence or change objective reality.

[Question] What is your opinion of the judgments expressed to the effect that the banks acted in a dilatory and speculative manner in the process of renegotiating the debts?

[Answer] It is rather odd to claim that the banks can loan money which they do not have or that they can transfer to their debtors the terms which they do not have either. A bank is by definition an institution of liquidity and it is irrational to think that it would lose that characteristic if the Central Bank does not previously give the bank the liquidity necessary for transfer to the public. It is a very serious thing to think that all banks with a short time, because of debt renegotiations, might be able to become insolvent outfits. The natural, logical, and elementary thing is to proceed in the opposite direction, that is to say, that the Central Bank, through instruments such as rediscounts, purchase of portfolios, etc., provides the banks with the funds necessary for transfer to the public. I therefore think that the banks did not act in a dilatory or speculative manner. They are asking the authorities for a definition of a clear and precise policy in this emergency situation before breaking out of the molds of financial caution which they implement.

[Question] Do you believe that it is possible that this process might be defined through the latest measures adopted by the Superintendency of Banks?

[Answer] In my judgment, the only purpose of these measures is to get an overall idea of the situation of the debtors and I do not believe that, because of it, there might be a renegotiation in an artificial way. I emphasize that it is necessary first of all to solve the problem of the liquidity which any renegotiation must produce.

[Question] What criterion should the banks pursue in this process of re-defining the expired portfolios? When is an enterprise viable? Do you not believe that this classification can lend itself to discrimination?

[Answer] As I see it, the definition of a viable enterprise is a rather subjective situation estimate which depends fundamentally on future expectations. The criteria used in dimensioning the future can be many and varied. It therefore could lend itself to forms of discrimination. Nevertheless, I believe that the bankers know their clients quite well and they know very well which ones--in a normal situation, with clear and reasonable economic rules--will be able to overcome past and present problems. Here you have to use one of the most important assets we have, something which the accountants never note in their ledgers: The time factor. This asset called "time," which we must know how to use intelligently, is the factor which the enterprises must today fall back on with confidence and determination. The terms and the tasks must then be in line with the reality of each business deal because otherwise it will be impossible to establish a general rule. In any case, they must stay in step with the production cycles.

[Question] And what policy did the National Bank in particular pursue?

[Answer] In the past, when conditions on the market were different, we were characterized by the fact that we were extremely demanding in dealing with our clients. We accepted no new clients and none of the pushy ones who do not pay their debts. Obligations have to be paid. But since this is not a matter of "tightening the noose on anybody"--especially in a moment of serious recession such as this one--this bank is making every effort to help its debtors, not to have them taken over, and to help them along, especially when we see that the conditions that prevent strong management spring from the outside. What they need is reasonable terms and interest rates. Besides, we try not to execute guarantees nor to accept any kind of property as payment because it is the debtor's obligation to promote his business and it is the bank's obligation to help him do so.

[Question] Do you believe that the financial system is able to take care of the losses that might spring from the result of the process to redefine the nonviability of many enterprises that are in debt?

[Answer] Banks not only loan their capital but also the money they get from their depositors. By virtue of that, it is not only they who must assume losses--within a context of theoretical analysis--but the clients of the banks must do the same thing. This concept is fundamental in a free-enterprise economy and has been forgotten by the public in connection with the latest takeover of some banks, causing a distortion in the allocation of funds to a greater extent than the damage to the image which we wanted to avoid. This is why the market is not working now the way it should since the entire concept of financial risk has disappeared. In point of fact, the Central Bank has demonstrated that it backs up the entire system. I think that this is a mistake because many should have lost their money. In this way we would have had a natural regulation of interest rates and of the risk. It is possible that many banks might now ask for financial support, just as it is possible that many others might not need it. In any case, I believe that no bank can face the situation of liquidity

that would spring from a massive renegotiation of debts. I am confident that the Central Bank will provide the funds and the terms prior to any renegotiation.

[Question] The latest steps with respect to the liquidation of assets received by way of payment--do they not also harm the banks to the extent that they would have to assume even greater losses?

[Answer] It is possible that this liquidation might turn out to be not at all convenient at this time; but we must realize that the banks are not agencies charged with running buildings, farms, or industrial plants; they are financing institutions. In this way, moreover, the banks will be careful not to accept payments in kind so quickly, instead trying to help the debtors. If that is not possible, in my judgment, it would be better to recognize the losses and the truth without entertaining any useless illusions.

[Question] Do you have an opinion regarding what happened in the Bank of Chile?

[Answer] I believe that the situation that arose in the Bank of Chile has been magnified. I think that the bank must demand compliance with the agreements signed with the BHC [Mortgage Bank of Chile?] since it is my understanding that the objective and ultimate purpose of these agreements was the recovery of money loaned to that group. If that was the purpose, then I do not see any inconvenience in enabling the bank to receive, from the BHC group, payment in kind for loans owed instead of the shares of the Bank of Chile itself. I even believe that it is a good idea for the bank and the other stockholders. If the purpose of the agreements on the other hand is only to bring about the separation of the BHC enterprises from the bank, in other words, to separate or segregate the BHC group, then the stocks mentioned should be turned over in payment.

[Question] There are many people who have the idea that this second objective prevails?

[Answer] If this is so and if the idea is to get Javier Vial out of the Bank of Chile, then it would not have been necessary to sign any agreement. In this case I would never have done that. But I do not see that this was the purpose because I do not believe that the authorities are trying to expropriate anybody. I am sure that the arbiter will settle things adequately and that the BHC group will meet its obligations. In any case, I think that the particular problem between a bank and some special debtor is not a matter that should catch the country's attention and preoccupation since these efforts must be aimed at resolving the serious difficulties we are facing. I wish we could tackle those problems in a united fashion, together, not disunited or separated.

5058

CSO: 3348/135

OPPOSITION LEADERS BROACH POLITICAL SOLUTIONS

Santiago QUE PASA in Spanish 2 Dec 82 pp 8-10

[Article by Patricia O'Shea: "Political Solution to Economic Problem"]

[Text] New demonstrations of lack of confidence make us think that not only technical measures are needed. They are increasingly impregnated with a political dose. From a change in the course and content of transition to the clarification of the institutional route, these are the "ways out" which are now emerging in outline at this moment in the country's economy.

The problem is not just economic. It assumes a more political appearance with each passing day. It was something that some were afraid of, it was logical for others, and it was something which a third group had been hoping for. By the same token, the steps which the administration decided to take to get out of the current recession successfully require an ever stronger dose of political content. Proof of that can be found in the recent statements by President Pinochet with respect to the morality of the financiers and entrepreneurs and the definition of his stewardship as given in impromptu remarks during the visit to a community in the Metropolitan region: "Popular, democratic, technical, and nationalist."

In the meantime, financial, business, and labor union circles gave proof to the effect that confidence and credibility are still in bad shape after what at least appeared to be a period of greater calm. Friday again brought massive dollar buying. The dollar's value on the black market came to 75 pesos. The "race" apparently started because of the expectation of new measures sustained more than anything by a new wave of rumors about a freeze on term deposits and a cabinet change (which could turn out to be just a "reshuffling"), although this sort of thing is not unusual at year's end. The events in Valdivia, which it was believed would end there after the words spoken by the undersecretary of economy to the effect that businessmen would not get any further aid, did spread to the Ninth Region and to similar petitions from farmers in the Rancagua Zone. This is the "rebellion of the unions" (see separate story).

The press for its part played its role. There were strong calls to order--to the magazine COSAS and to the nationalist Eduardo Diaz Radio La Frontera in the Ninth Region--and we were able in general to detect a major relaxation

in the style, content, and language of publications. This emerged quite openly in the columns which various personalities and persons took up in various communications media and which, in the case of the recent bitter debate between Alexis (Alvaro Puga) and Jaime Guzman, reminded the latter of Volpone, the representative of late yellow journalism.

In spite of the announcements as to the revival of some sectors of the economy, the environment is still plagued by pessimism and by disquieting voices.

"Where is all this taking us?" a businessman asked himself. The most alarmist individuals can already see attitudes in some of today's union leaders which harvested applause 10 years ago among those who opposed the UP [Popular Unity] government. The fear of others is centered on the fact that "we are walking a very thin line today. All you need is one little spark--and you cannot even visualize the consequences." This detonating spark can be anything if we are not careful. The opposition in the meantime was at work and "is moving into position." This is also something that worries many.

Against this background, how can we successfully get out of this economic situation? What steps or political measures could be taken so as to regain confidence and credibility, something which is an important requirement in the determination of the results of economic measures that may be adopted?

A well-known former member of parliament commented--in connection with the implementation of the new institutional system that, if the administration "satisfactorily copes with the situation, and I am not saying that it would be resolving it but that it would be coping with it well, if it does come out with other measures of a political nature, then it is probable that there will be no major difficulties."

Pessimistic View

Raul Troncoso's viewpoint is different; he is the former secretary-general of the Christian Democratic Party. "Chile is going through a prolonged and profound crisis of a economic, social, and moral nature which affects the entire community. There is agreement to the effect that the crisis has spread with greater force to the social area and that therefore it cannot be resolved without a political change." Not admitting this and persisting in partial measures in his judgment means that the country will face the risk of finding itself in a difficult situation. "What we need," Troncoso told QUE PASA, "is a change in the administration's orientation. It consists of the need for modifying the currently established transition, replacing it with another one which will involve a shorter schedule and precise mandate for the administration to be carried out during the period of this transition, combined with a group of tasks representing the unequivocal determination to return full democracy to the country at the end of that period of time."

Troncoso added that the decision to provide impetus for a fundamental political change "does not by itself resolve the situation that has been created but is the only way to achieve free and responsible national concentration of all citizens, something which is a basic requirement for the tasks required if we are to move ahead." He believes that conditions exist in the country for

working out all the agreements necessary to solve the political problem and to adopt the measures necessary in order efficiently to tackle the economic problems. He also talked about the "social contract." For Raul Troncoso, "there is no economic solution but rather a political change although the latter will not by itself solve the economic problem and is a fundamental requirement."

Style of Government

This last phrase, which has become the "keynote" in some political circles, was repeated to QUE PASA by another Christian Democrat, the former youth leader Gutenberg Martinez. In his judgment, the way out is democracy. "The economic problem does not involve a temporary situation. The problem is political. It has its origin in a political thesis which has failed. When Minister Lueders, who wears two hats, pointed out that two-thirds of the problems are a consequence of internal policies and one-third is a consequence of external factors, he was saying that the two-thirds in the end add up to a political problem, in the judgment of the economic authority itself." He maintains that the administration will not be able to solve the problems by itself--no matter what measures it may take. Labor unions, the workers, the democratic opposition, and other organizations outside the government would also have to contribute toward the solution.

Thinking of possible solutions that might come up, Gutenberg Martinez believes that it is essential to come up with a reliable analysis and interpretation of what is happening in the country. "I simply refuse to think that certain statements, opinions, or attitudes on the part of certain government officials could be made if there were an objective analysis of what is going on in the country." In his opinion, the recent directive by the Superintendency of Banks to look into the "viable" and "unviable" enterprises is one way in which the administration could learn what the real situation in the banks and the enterprises is like. A second problem which must be taken up by the administration involves style. There are various ways of tackling the crisis situations: You either tackle them with rigidity, guiding or channeling a centralized economy in economic terms, or with total dictatorship, in political terms; or you tackle it with good common sense, moderation, good faith, and with an open-minded approach. This style implies "agreeing or not agreeing that the country belongs to all Chileans and that the solutions to the problems besetting all of us in one way or another calls for majority participation and consensus. We must agree that it is the duty of any administration to express the aspirations of the country's majority." In his judgment, the administration should be alert to the aspirations of the citizens to the effect that what we need is a political solution which, in his judgment, means nothing other than democracy. "I believe that if the administration adopts that decision and announces it, the country's overall situation will change much."

Confidence--Key Factor

The "picture" observed by other persons interviewed by QUE PASA is different. For Edmundo Crespo, former mayor of Vina del Mar and member of the Institute for a Free Society, confidence is the key factor in this economic problem

"which has political implications." He said: "Confidence in authority, in the measures adopted by the authorities, and in the results of those measures." He believes that the economic authorities in this respect adopted a criterion of greater flexibility and realism regarding the solution of problems. "The result of these measures will depend on confidence in them and the expectations of the economic agents regarding the future." In this respect, the moral behavior of the agents is decisive. "Crises are frequently accompanied by moral relaxation and this tells us that the normal behavior of the economic agents, instead of cooperating, seriously damages the final result." Although he believes that the environment of moral relaxation is not generalized, there are "pockets" of inadequate behavior.

For Edmundo Crespo, the way out of the economic situation requires responsibility on the part of all agents. It is up to the administration to confront the situation in a realistic fashion, without "orthodoxy," complying with basic principles and then the citizenry will respond adequately.

On the other hand, for Crespo, the current administration's success between now and 1989 will depend not only on economic success but on the way in which it handles power. In this respect, he assigns special importance to a "re-affirmation of the economic system which I believe has been shaping up. But along with that, it is important to have a clear management policy with respect to the objectives. I am talking here about not falling for excessively optimistic statements or declarations that lead to confusion. I believe that, if the country has chosen a way, that is the way that must be clearly pursued" and there must be no echo of extreme positions which seek to divert us from that road. "I believe that this is where the constitution comes in; there is a job that has to be done here today and this is where the administration must advance gradually, this is where it must show that the transition is effective and that, along with this, we are moving within the terms that the constitution and the country determine."

Moral Response

Juan Antonio Coloma expressed himself in similar terms; he pointed out that this, more than anything, is an economic problem, that one must see the danger to the country deriving from the lack of a moral response to these problems. "What the president of the republic pointed out with respect to this problem, I believe, is very important and critical. To the extent that the country again becomes increasingly aware of the difference between responding and not responding, I believe that we are going to regain something that many people view in terms of confidence and expectations." He believes that a clarification on the part of the administration in this respect is positive. This however must not be confused with the administration's moral obligation to implement the political road. On that score, he maintains, we can detect certain advances, particularly noting the establishment of the commission which is studying the return of the exiles as an important step on the institutional route.

Other persons interviewed by QUE PASA pointed out other ways which would restore political initiative to the administration, such as establishing a clear national objective, of the same magnitude as the one established by the

ministerial office presided over by Sergio Fernandez; this objective should be implemented with a cabinet made up of new faces but, above all, men of recognized prestige, the so-called cabinet "of excellence." In his judgment, this will contribute to creating a climate of greater confidence. This last word undoubtedly is the key element at this moment and on its restoration, in the view of many, depends the success with which the administration comes out of the current situation.

5058

CSO: 3348/135

M-19 LEADER 'BORIS' REJECTS AMNESTY

Bogota CROMOS in Spanish 14 Dec 82 pp 24-25

[Interview with Gustavo Arias Londono by Rafael Baena, in Caqueta; date not specified]

[Text] "We know that the Army's constitutional obligation is to harass the guerrillas. On the other hand, the government has proposed a democratic openness to pacify the country, and if the Army harasses us, we have to defend ourselves, and goodbye to peace. The Armed Forces are not content to persecute us guerrillas; but even after the promulgation of the Amnesty Law, they are harassing farmers, torturing them, devastating their crops, assaulting their women and going to extremes such as causing women to abort by kicking them."

The man making these comments is Commander Boris, of M-19's southern front, operating in Caqueta; known in civilian life as Gustavo Arias Londono, aged 35 and a lawyer by profession. Boris held a press conference in the Caqueta jungle to declare, in addition, that, "The Colombian Army is using explosive bullets. I wish that you could see the comrades who have sustained wounds from that type of bullet, which is banned by the Geneva Convention. Horrible things are happening in the jungle. This is why I had to break through 12 encirclements made by the troops in order to reach here and expose these incidents."

Arias Londono is speaking on behalf of the M-19 Higher Command. He ranks sixth in the movement's chain of command. He recounts: "I have worked actively with Jaime Bateman since the 1970's when, with other comrades at the National University, we formed the 'Rebel Pijao' independent movement, which operated in Tolima and Bogota, but in Pereira and Cali as well."

[Question] Why don't you give us specific names of some individuals who have suffered the type of attack that you claim on the Army's part?

[Answer] I cannot give you specific names, precisely because of the way in which they are operating, including death threats to all those who dare to say anything, and to the farmers who are settled in the areas where there are confrontations.

No to Amnesty

Surrounded by a squad of his subordinates made up of youths of both sexes, Commander Boris recalls the two occasions on which he was apprehended: "The first time, when

Jose Raquel Mercado was executed. I went free because, when Lopez Michelsen lifted the martial law, the common court did not find any evidence linking me with a case in which I did not participate directly, although I was informed about it as a member of the organization."

The second capture of Arias Londono took place on 17 October 1979: "At that time, I had decided that they would never capture me alive. So, when four soldiers came shooting at me in the 7 de Agosto district, I took out the pistol to defend myself, and I sustained a bullet wound in the arm. But, since the soldiers shoot so poorly, and without even aiming, they killed a lady who had gone out to take a child away. I was sentenced to 12 years as a common criminal. Since I was ill, they moved me from La Picota to La Hortua for medical treatment. I went to the hospital three times. On the fourth occasion, some comrades disguised as doctors aimed guns at the guards and released me. We escaped by jumping over the wall between Highway 10 and Caracas."

[Question] Why do you refuse to accept amnesty?

[Answer] No, one tires of fighting when one is not aware of the abuses being suffered by the Colombian population, and of the poverty that it is undergoing. Without that awareness, one can tire, but otherwise never. As one revolutionary commented, the only thing that discourages me is not being younger, so as to be able to continue fighting longer.

[Question] You have talked about an armistice. Armistice, as such, is a cease-fire agreed upon between two regular armies. You are not a regular army from the standpoint of orthodox warfare. This being the case, how do you expect the Army to accept your proposal?

[Answer] They may consider us with contempt, as riff-raff or bandits, as they spoke of Jesus Christ. But no army has come into existence great; rather, they grow to a certain high point. For the present, our high point consists of developing sufficient strength with which to totally defeat the Colombian Army.

[Question] An army's mission is to preserve sovereignty over a certain territory. Can it be said of M-19 that it exercises sovereignty, as this term is interpreted in legal terms?

[Answer] We do not have a demarcated territory over which we may exercise political and/or military sovereignty; but we do have the implicit recognition of the popular masses. Look: people come to us rather than to the civilian or military authorities to solve their problems, which range from boundary disputes to drunken brawls. In fact, that identifies us as an authority in the eyes of the people in the areas in which we operate.

The Guerrilla Announcers

[Question] In a recent letter to a capital newspaper, President Betancur cited the need for the press and newsmen to control their reports. Since the president's statement, some sectors of the press have spoken about "guerrilla announcers." What is your opinion of this position?

[Answer] In my view, the president is not extensive enough in that respect, because in his campaign he had stated that there would be no press censorship. It is a good thing to be apprised of the thinking of the side opposing the government, and not to impose the gag of the previous government; otherwise, we would be faced with a "Beli-Fernandista" dictatorship, if not a "Turbo-Camachista" one.

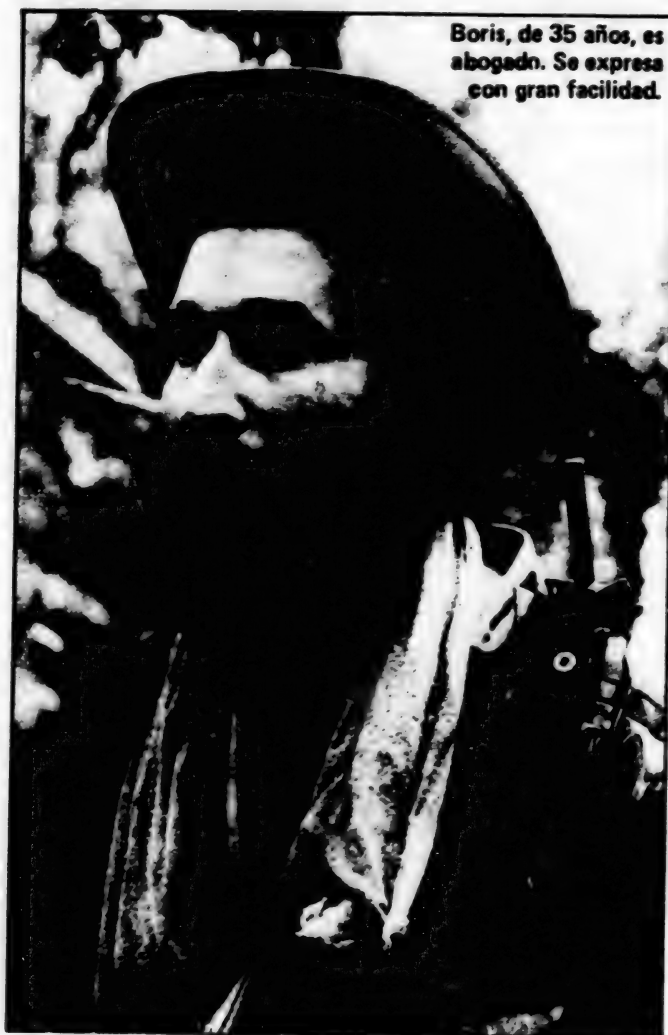
[Question] Let us suppose that peace is a reality, and you go out onto the public square as a political force aspiring to seats and positions in the administration. What type of proposal would you have to offer to the people?

[Answer] We would propose the same thing that we have been saying while we bear arms, concerning what is necessary to change this situation: the only method is by organization and more organization of the people.

[Question] But it is an actual fact that the governments lack money for meeting all of the people's needs. Would organization alone suffice?

[Answer] The money is lacking because the multinationals are taking it away, and the crisis involving our products is due to impositions placed upon our country. Only the suitable development of our resources and a fair percentage of the royalties from them could procure that money which is now lacking to us. One need only observe the El Cerrejon statistics to find out how our country has been treated.

Commander Boris claims to have learned military strategy in the guerrilla war itself. Nevertheless, he quotes Clausewitz and, in answer to a question from the reporter concerning the natural condition of man which spurs him on to war, he remarks with his arms akimbo: "The natural condition of the oppressed man is a war of misery. With hunger, without education and without health, man must participate in a war which is savage."



Boris, aged 35, is a lawyer. He expresses himself with great ease.

2909

CSO: 3348/147

TELEVISION PRODUCER TELLS OF MEETING WITH BATEMAN

Bogota CROMOS in Spanish 30 Nov 82 pp 24-25

[Article by Eligio Garcia: "Julio Sanchez Cristo: 'Bateman is a Spectacle'"]

[Text] The youngest, best and most daring television producer, Julio Sanchez Cristo, experienced a spectacular adventure for several days: with various stops, he went to interview the M-19 leader, Jaime Bateman, and held a special program with him that was worthy of his "JES Spectaculars." It is the first time that this has happened. Up until now, those who were abducted and invited to converse with the guerrillas had always been reporters; but, on this occasion, it was the turn of someone slightly dissociated from the everyday chores of the mere reporter: a television expert, who has always been behind the cameras, and not being featured in the news, as in the case of his companion in the adventure, Juan Guillermo Rios.

Owing to expediency and ostensible poor memory, Sanchez Cristo decided not to give details concerning his adventure. However, for a very long while he answered all the questions put to him about his spectacular experience, which may have been the highlight of last week's news. Because of the quality and boldness of his responses, we chose to delete our questions, so as thereby to lend his account a personal quality that the questioning would have misrepresented.

It Was Not a Kidnapping

"The first thing that I would like to explain is that I was not kidnapped, but rather invited to hold that interview. And I accepted the invitation without debate and with pleasure. At that meeting Mr Bateman's personality impressed me. He appeared to me to be an individual informed on what is going on in this country. He is obviously quite familiar with everything that is happening in the Central American guerrilla movement. As he himself says, he has contacts with all the European movements. I shall not deny that he is a person who makes an impact. He has a very special way about him, and he has an answer for everything.

"I had never seen him before, but from the time that we met, he seemed as if he were among friends. He arrived, and the first thing that he said to me was: 'Quiubo Julio, how are you?' I answered him saying: 'Fine, Commander; what's this about Quiubo Julio?' He replied: 'No, don't worry, many people here already know you, they know who you are.'

"So, obviously, if you go to a place where they don't know you, and the first thing that they do is greet you, ask you how the Daniel Santos program went for you and tell you that the show you put on with 'Chinche' and 'Culebro' was good, what do you do?

"This was what the meeting with Bateman was like. From that point, we started planning how the interview would take place, and then the taping. The latter lasted for 4 hours, but it was in segments, and in different locations; at different times, even at night.

"The fellow is quite a spectacle. First of all, because he is from the coast, and the people from the coast have very good voices, and very good expression. He is very expressive when he speaks. And he can be photographed very well. He must be 42 years old.

"The taping was done according to subjects: first, whether or not he accepted the amnesty. That was where he saluted and praised the president. He thinks that the amnesty is a victory for the country, but attributable to the president, toward whom he was very respectful. He also lauded the foreign minister on several occasions.

"He later remarked that the method whereby a political movement could be set up would be the armistice that he proposes: a 6-month truce, and consideration of some points that he sent to the president in his letter, points which we began to study, one by one."

A Beatles Fan

"Included among the points is that of establishing a social platform different from the one that the country has now. Bateman took up one point after another: He claims that the financial crunch is the fault of a law which must be changed. He also spoke about the problems of health and housing, and of the Army in Caqueta and Putumayo. And he explained that he does not want it to depart from those areas, but rather to stop persecuting people. This is obviously what he says, and the fact that I am repeating it does not mean that I am in agreement.

"Not all of the interview was political. Apart from the points in the letter, with which everyone is familiar, since it has already been published, there was a human part. It is perhaps the other side of the revolutionary, the guerrilla fighter. It is the side of the person who is living without his family, because he cannot see them. He said that he was married and has children, that his wife lives in a city in Colombia, that his children also live in a city in Colombia and that he has seen his family very seldom.

"He proved to be a music fan, especially a fan of the Beatles' music. In fact, some of their songs bring him special memories. He is very fond of rock music; he knows about rock music. And there is a very good example of this: They call him Paul, and when we asked him why they called him by that name he replied that he had taken the name from a rock song."

The Jaime Bateman Show

"He knows about Ruben Blades, Willy Colon, Mongo Santamaria and Daniel Santos. They interest him greatly. And there is another anecdote: When I told him that I had to end the interview soon, because I had to go, that day, to prepare a rock music program, I explained to him that we had engaged Mongo Santamaria. Then he asked me, calmly, as if it were the most natural thing in the world, why I had not invited him. I replied that to come that far and tape the interview had already been an odyssey, but that to take him with me to Bogota, to see and hear Mongo, would surely be very difficult for me. Then he said to me: 'Which do you prefer, to invite me or for me to take that trouble? I am going with 50 men, and I shall take over the studio. What do you think of that?'"

"What about the vallenatos? He likes them, and Agustin Lara's boleros as well.

"What about sports? What he does is swim; he is apparently not too good at anything. He likes baseball too.

"There was no problem with the taping; it went very well. But it should be explained at this point that the purpose of the interview was his message to Belisario.

Like in the Movies

"I asked him: 'Why did you choose me, in particular, since I am not a reporter?' He said: 'Because I wanted to do something of very high quality, since this is my first television interview.' He admitted that, after him, there were many people who wanted to hold this interview; and, aside from the reportorial part, which he turned over to Juan Guillermo Rios, he wanted it to be a great interview, and a very well executed program.

"The adventure seemed interesting to me. It was obviously risky, but one works in this area: it is a movie. It all seems untrue, like detectives and James Bond; the contacts, the telephone call, waiting at a site, boarding a plane. One sees all that sort of thing only in the movies. When one experiences it, and is part of the movie, it is of course thrilling. The fright and the responsibility for what might happen come later, much later. I am just beginning to feel the fright now.

"From the very moment that they proposed it to me, I accepted it. I had to accept it, because anyone would do so. It is a very great challenge in one's career. It is as if, tomorrow, they were to summon me to interview, I don't know whom, Carlos, 'El Chacal,' someone like that. It is an extremely great risk, for they might involve you in a big gun battle at the time you are taping, but one has to do it.

"My situation was more difficult because of the television equipment, which is difficult to conceal. They had equipment, and made many tapings; they had cameramen and cameras, they had everything there."

Just Like a Commercial

"Bateman is in very good physical condition. He is a taller man than I, which impressed me greatly, because I am tall. He is obviously very heavy, and stocky;

and he is well preserved. Actually, I imagine that his life must be very disrupted: all day long, from one side to the other, traversing a number of locations so that they will not spot him.

"I had a different image of him. He no longer has such long hair. I had always seen him with an impressive Afro; now he wears it shorter.

"Returning to the technical question, there were no problems at any time, only the normal mishaps. The microphone fell, and we had to stop it; on another occasion, a booth structure was damaged, and had to be repaired. We did the taping at a jungle location. There were many people, but we taped only him. I saw only him. In the television camera, one sees only him and Juan Guillermo.

"I arrived, we arrived at the site, and he was there, waiting for us. He offered us beer, because it was very hot. I mean to say that, apart from what his political ideology represents (with which I have no association, I am a nonessential reporter-ial prop), he is pleasant, common and ordinary. His manner was always splendid. And to me it was like making a television commercial, like making a program."

2909
CSO: 3348/147

PAPER-MANUFACTURING PLANT TO CREATE 12,000 JOBS

Bogota EL TIEMPO in Spanish 13 December 82 p 7-F

[Text] Cali (by Alvaro Caicedo)--Papelera Colombiana, Papelcol, will be a gigantic factory complex which will be operated 30 kilometers from Cali, in the sugar region where there is water, along with the resources necessary for plant operations.

The output will be 75,000 tons of pulp per year plus 87,000 tons of printing and writing paper. The plant will generate 12,000 direct and indirect jobs and 21 billion pesos will be invested in this initiative.

Julio Mendoza Duran, one of the top managers, revealed the benefits deriving from the project during an address delivered in the course of the introduction of Papelcol to the country. Mendoza Duran noted that this is perhaps the first time that loans of this kind have been granted without a backer. This is a project which does not need banking support nor guarantees from the nation; it is the project itself which will provide the backing for the loans. This is a demonstration of the confidence of French banks in the country, in its institutions, and in the partners of the project.

This is also the biggest demonstration of public and private cooperation to solve a key problem in Colombia's development: The timely and sufficient supply of cultural paper and particularly high-grade printing and writing paper.

This is a project which includes national savings and its capital is financed to the extent of 67 percent by the state and domestic investors; this is a considerable effort on the part of the traditional Colombian financial sector represented by Granfinanciera, one of the biggest partners.

Dimensions

The country's development goes hand in hand with the consumption of progressively growing quantities of cultural paper, that is to say, newsprint, printing paper, and writing paper. However, our consumption does not correspond to the degree of development which we have attained.

While Colombia has a per-capita consumption of 3.0 kilograms, the figure in Chile is 4.8, in Cuba 6.3, in Mexico 5.7, and in Venezuela 7.7 (1979 statistics).

Preliminary feasibility studies on the Papelcol project were favorable and various enterprises became interested in the idea on the basis of those studies. In the end, the proposal submitted by "Creusot Loire Entreprises" of France was accepted; this is one of the biggest industrial construction companies in Europe.

In 1980, the Finnish firm of "Jaakko Poyry S. A.," one of the most highly qualified paper consultant firms in the world, prepared the technical-economic feasibility study for the proposal with greatly satisfactory results. The proposal submitted by "Creusot Loire Entreprises," according to the requirements of the studies, pertained to the supply of an integrated factory capable of producing 75,000 tons of pulp per year plus 87,000 tons of printing and writing paper per year, using sugar cane bagasse. The main conclusion of the technical-economic evaluation of this proposal are worth mentioning here.

The dimension of the pulp factory is very competitive and the dimension of the paper factory is within the most recent European standards to guarantee good competitiveness.

The technology offered is the most modern and is adapted to the country's conditions.

Domestic and foreign markets are sufficient for the new factory's products.

The factory turns out a product of excellent quality since it will produce white and opaque paper which will make it competitive on the international market and very competitive on the domestic market.

The price of the factory is in line with international investment levels necessary for factories involving modern and reliable techniques with the same design as the factory offered here.

Profitability is satisfactory and is particularly good in the paper industry.

Partners

The studies were analyzed by the various agencies of the government and the National Economic and Social Policy Council authorized the participation of the Industrial Development Institute in the execution of the project. The partners then decided immediately to start the construction of the factory, a project which calls for an investment which, at present-day prices, comes to 21 billion. With this objective in mind, the partners began negotiations on the supply, financing, and consultation contracts which were concluded 30 June 1981, the date the corresponding contracts were signed and the date the stockholders signed an agreement guaranteeing complete project financing.

The financing contracts and the stockholder agreement contain the clearest demonstration of confidence in the project, in the country, and in its institutions.

The loans granted by the French bank to finance the construction of the factory represent 70 percent of the total investment value required and are equivalent to something like 14.7 billion at current prices.

The majority loans are granted in French francs with a term of 14 years, with the first 4 years as a period of grace, plus 7.75 percent interest per year.

The consortium of lenders did not demand any banking support nor did it ask for any guarantee from the national government.

The domestic partners, including among them primarily Granfinanciera S. A. and the Cafetero Group, pledged to contribute 6.3 billion pesos or 30 percent of the project's value. Out of this sum, the Industrial Development Institute agreed to supply 1.9 billion and the private domestic and foreign partners pledged to contribute 4.4 billion.

Although obstacles are anticipated regarding the possible participation of the Colombian private sector, due to the high capital requirements for the project, the low domestic saving level, and the presumed preference for investments with a rapid return, the Colombian partners pledged to finance 2.36 billion as part of an industrializing effort which is without precedent in recent decades. The partners today committed to channeling domestic savings of this magnitude to the project are the following:

The IFI (Industrial Development Institute);

Grancolombiana Corporacion Financiera S.A.;

Federacion Nacional de Cafeteros de Colombia--Caja de Ahorros;

Italgraf S.A.;

Tecimpre Ltda.;

Three foreign partners who pledged to invest 2.04 billion pesos in Colombia and in the Papelcol project.

Project Status

Completely in agreement with the pledges undertaken, the partners already contributed 2.23 billion of which 670 million come from the IFI, 83.5 from the domestic private partners, and 725 from the foreign partners.

The French banks, headed by the Bank of the European Union, have already disbursed the voluminous credits granted in the amount of \$86 million.

The factory's construction has thus been completely financed. The project's total cost comes to \$300 million. The national share, which includes the

purchase of the land, the construction of civil engineering sections, the procurement of domestic materials and equipment, the installation of the equipment, and the Colombian engineering work and management functions have a value of 7 billion pesos.

The facility is built on an area of 140 hectares, located in Caloto, a township in the northern part of Cauca, 30 kilometers from Cali by black-top highway with very good specifications. It is surrounded by sugar mills; the main ingredients required (bagasse, coal, limestone, energy, and water) are available in the immediate surroundings and the zone in which it is located has the necessary roads and urban support facilities as well as abundant and skilled manpower.

In addition to the purchase of the land, site preparation work has already been finished, in other words, earth movement, the construction of pilings, and the provisional utilities, such as water and electric energy for the construction and assembly work, the engineering office facilities at the work site, the drilling of a deep well to connect with a spring—all of this at an investment of 550 million pesos which has already been made.

According to the scheduel, civil engineering work was started on 18 October with an investment which will come to 1.8 billion pesos. In record time, the contractor will make sure that the assembly of the equipment can begin in 5 months; the equipment is scheduled to reach the country during the first quarter of 1983.

Source of Employment

In France, the equipment suppliers have so far been paid \$82 million while \$4 million have been paid out for consultant work and management functions. Overall, bills totalling \$86 million have been paid out abroad. If to this figure we add the investments made on the spot, we get a grand total of 6.8 billion pesos in investments as of this moment.

The project is already contributing to the revival of development in Colombia's western part and nationwide; 1,000 persons are currently working in this area in activities directly related to the project. The development of coal mining and the mining of mineral limestone in the surrounding area will be additional factors contributing to economic revival.

The plant will help create 12,000 direct or indirect jobs. The latter will be in the raw materials-producing industries and in the publishing and graphic arts enterprises throughout the country, among others.

Papelcol will contribute to a saving in foreign exchange since it will supply a market which otherwise would show a hefty annual deficit that would have to be covered with imports.

The project will help in developing the Colombian graphic arts industry whose development will benefit culture and information, providing paper as a resource in sufficient quantity and with high quality.

Papelcol will contribute to industrial decentralization. To produce these benefits, no natural resources will be destroyed, nor will the environment be contaminated because sugar cane bagasse will be used as raw material; this is a natural resource which is renewable rather quickly. And the project will not contaminate the air, nor the water, nor the soil, since all industrial equipment units at the factory are provided with the most rigorous controls.

5058

CSC: 3348/146

NINE CRIMINAL INVESTIGATIONS UNDERWAY IN FINANCIAL SECTOR

Bogota EL TIEMPO in Spanish 13 Dec 82 pp 1-A, 6-A

[Text] Nine investigations are currently underway through the criminal justice system against financial outfits.

The organization which is most involved in these proceedings is the Colombia de Felix Correa Group with four investigations in different courts.

The first of these trials is being handled in the 21st Superior Court and deals with the failure of the National Bank; this is why Felix Correa Maya, Eduardo Uribe Uribe, Jose Munoz Turbay, and Fabio Hurtado Saldarriaga are currently under arrest. Arrest warrants have been issued against the following-named individuals who are fugitives: Uldarico Robles and Octavio Becerra. Other persons are included in the indictment but were left at liberty in the course of the investigation.

The second investigation is for fraud involving 80 million pesos in foreign exchange from the Bank of the Republic; this amount was collected through fictitious drafts. The following have been charged with this crime which is described as fraud and forging of documents: Uldarico Robles, Octavio Becerra, the two former members of the board of directors and economic advisors to the bankrupt outfit, Eduardo Uribe and Edmundo Vargas, former head of the international division, currently under arrest along with Uribe Uribe.

The third trial deals with the loss of 2 billion pesos which the Bank of the Republic, just before being taken over by the Banking Superintendency, loaned to the National Bank. The following-named individuals have been indicted: Felix Correa Maya, Eduardo Uribe Uribe, Uldarico Robles, Octavio Becerra, and Jorge Garcia Martinez.

The fourth investigation is being carried by the 90th Criminal Investigation Judge Jesus Antonio Guarnizo Palacio, based on charges filed by the office of the deputy prosecutor for administrative surveillance; it has to do with the payment of commissions to employees of government agencies who authorized the opening of current accounts or the remittance of public money at fixed terms to corporations of the Colombia Group.

So far, the following-named individuals are covered by this investigation: Rafael Araoz Valenzuela, Humberto Trujillo Latorre, Enrique Ossa Urrea,

Henry Ossa Villegas, and Rafael Cristancho Duran. An arrest order has been issued for Ismael Eduardo Contreras Principe, the former advisor to the former comptroller-general of the republic Anibal Martinez Zuleta.

As this newspaper reported at the time, the judge discovered current accounts in fictitious names in the National Bank, involving the remittance of large amounts of money under the heading of commissions. At least three of those under arrest collected these royalties through other banking outfits, as in the case of Messrs Ossa, who moved more than 600 million pesos in just 4 months.

Other investigations against the National Bank were launched in various jurisdictions just a few hours ago since something like 20 government agencies had money remitted to the National Bank and were seriously damaged when that credit outfit failed.

State Bank

An investigation is being carried out by the 5th Superior Court against former members of the board of directors of the State Bank on charges of forging public documents, fraud, and replacement of persons; all of this led to a self-awarded loan of 53 million pesos to purchase an issue of stocks of that same bank by the then president Mosquera Castro and other collaborators of his.

The following-named individuals are involved in this trial: Mosquera Castro, Eduardo Uribe Uribe, Uldarico Robles, and Octavio Becerra. Other persons, including four notaries and one deputy minister of mining, were interrogated in the course of the investigation and were then released conditionally.

Central Group

This finance grouping is also facing an investigation which is being handled by the 28th Criminal Investigation Court against the former members of the board of directors of Central Leasing S. A. [Incorporated] for fraud involving an amount of 100 million pesos.

The judge investigating the case has issued an arrest order against Eduardo Uribe de Narvaez, Rafael Henao Carbonell, and Miguel Mal Bustos. Among these individuals, only Uribe de Narvaez is under arrest; a detention order has been prepared against him. The other two are fugitives, together with German de la Roche, the principal stockholder of the Central Group who left the country.

German de la Roche and his brother Hernando, who is likewise a fugitive, are covered by an arrest order issued against them by the 28th Judge Lucia Riveros Viveros de Zaher.

Other enterprises owned by the Central Group, such as Tejidos Unica de Manizales, experienced serious financial crises.

Central Leasing gave its savers checks which were not covered when the savers demanded the money. One of the victims was the Fund of Employees of the Cattle Bank which lost 5 million pesos.

The 95th Criminal Investigation Judge, Ana Josefa Velasco de Bustos, initiated an investigation of former officials of Inmobiliaria la Roche, belonging to the Central Group.

This indictment deals with fraud perpetrated by Jesus Rivera Canas who invested 3 million pesos in savings certificates and who was given checks that were not backed up by the proper fund. For this reason, arrest orders were issued against Jaime Uribe Carriazo, manager of Inmobiliaria La Roche, and Leonor Celis, treasurer of that company.

Camacho Roldan

The 11th Superior Court is conducting a trial of former members of the board of directors of the Camacho Roldan Enterprise on charges of misrepresentation and fraud involving the loss of money given them for safe keeping by a group of savers.

The 94th Criminal Investigation Judge Juval Vasquez initially ordered the arrest of the brothers Fernando and Gabriel Camacho Rubio. The judge issued an arrest order against Gabriel and left Fernando at liberty; on 1 December, the later was also the subject of an arrest order issued by the 11th superior judge. Fernando Camacho Rubio is still on the wanted list.

Grancolombiano Group

Finally, the 18th Criminal Circuit Court is conducting an investigation against Pedro Maria Carreno Posada and Dario Gallo Zuluaga, both of whom are stock-brokers and who have been charged with engaging in fictitious operations in relations to the funds of Grancolombiana and Bolivariano; this is based on an indictment filed by Hernan Echavarria Olozoga, former president of the National Securities Commission.

These indictments also involve an investigation before the investigating official and the legal situation is due to be resolved in the course of this week.

5058

CSO: 3348/146

PLIGHT OF NORTHERN, SOUTHEASTERN RURAL POOR PORTRAYED

Mexico City PROCESO in Spanish 13 Dec 82 pp 12-15

[Article by Guillermo Correa and Emilio Hernandez]

[Text] The deprived and underprivileged are not being asked for forgiveness, but neither are they being given the slightest hope. A crisis is a crisis, and Miguel de la Madrid's economic alignment is shunting aside the Mexican rural poor.

While inflation and unemployment gradually suffocate workers in the cities, poverty in rural areas grows extreme.

The underprivileged are literally doomed. The government feels that it can do nothing for them, and does nothing.

The candelilla workers in the north and the henequen workers in the southeast illustrate the extremes of poverty at opposite ends of the country. Their poverty is age-old, not recent. The recent development is the decision to leave them to their fate.

In Chihuahua, Coahuila, Durango and Zacatecas more than 60,000 candelilla cutters have practically nothing to do, nothing to eat and nowhere to go. In Yucatan, 56,000 henequen workers survive on income of 250 to 700 pesos a month, while they owe 400 million to the Henequen Trust Fund that finances them.

"As long as the crisis continues, we will not be able to make qualitative progress in social justice," President Miguel de la Madrid acknowledged and cautioned in his inaugural address on 1 December.

Candelilla: 14 Pesos a Day

Desert migrants evicted from their lands by the growing poverty, the agave-candelilla workers are being destroyed by the crisis, which comes on top of their arid lands, their isolation and the scant profits from their product.

From Matehuala in San Luis Potosi to Saltillo in Coahuila, they sit by the sides of roads and sell rattlesnakes, falcons or squirrels to make some money to buy food, which in those regions costs up to four times as much as it does in the cities.

"The most serious thing is that the new administration, which is concerned about getting out of the crisis, has turned its attention to the cities. We the underprivileged are being forgotten about again and we don't know what's going to happen," says peasant leader Flugencio Hernandez from the National Front of Zacatecas.

From 1900 to the present the candelilla workers have been exploited successively by foreign businessmen, national large-estate owners and, since 1954, the State, which monopolized the production and sale of wax.

Very few peasants have had anything positive to say about the government's role, inasmuch as the profits from candelilla production, which ought to be returned to the producers in the form of social projects, are used up for the operating expenses of the organizations created to help them.

One of them, for example, is the Candelilla Worker Trust Fund, which according to researcher Rosendo Calderon Tinoco from the Antonio Narro Autonomous Agrarian University (UAAAN), "is more responsive to the political suggestions of leaders or officials who made some sort of commitment."

The leader of the candelilla workers, Fernando Cabrera, whom the National Peasant Confederation (CNC) installed as the head of the National Association of Candelilla Producers, glosses over the reality and only defends the interests of 6,000 "real" producers. To him, things are fine:

"We don't get subsidies because we're self-sufficient. There were never subsidies. For 25 years they fooled us, but now we're given a direct hand in everything. We own machinery worth 300 million pesos. We have the only towns in the north that are really developed."

The reality, however, is otherwise. There are 60,000, not 6,000 candelilla producers in Chihuahua, Coahuila, Durango and Zacatecas, according to the coordinator of socioeconomic sciences at the UAAAN, Oscar Martinez Ramirez. Producers average 14 pesos a day in income.

Their work, moreover, is exhausting. Ponciano Diaz Cervantes, a producer, describes it:

"We work on arid, dry land, cutting the plants in the wind, in the cold or under a burning sun. Our day begins at dawn and ends after daylight."

Diaz Cervantes explains that each candelilla producer works on his own, trying to complete 30 loads in 6 days, which, if the plant is good, will yield him about 110 kilograms. At current prices, this would bring

in 4,400 pesos. "But from this you have to subtract the cost of water and of transporting the plant to where it is going to be burned and other expenses, in addition to the rent or cut, which is 2 pesos a kilo."

Candelilla cutters live in houses made of maguey, with candelilla shrub roofs. They drink water from the same pools as the animals.

Diaz Cervantes's case is repeated over 200,000 square kilometers of arid land on which the country's 56 agave-candelilla cutter municipalities are located.

"These people are totally abandoend," says the coordinator of postgraduate studies at the Autonomous University of Coahuila (UAC), Jose Rodriguez Aguerro. "Only 15 percent of the people in these areas have benefited from COPLAMAR's programs to help the underprivileged, and only temporarily at that."

Under the programs for the agave-candelilla areas COPLAMAR has earmarked from 1976 to the present more than 3 billion pesos for the building of rural roads, the introduction of basic foodstuffs, the refurbishing of homes, training, job creation, providing drinking water and electricity, medical units and field hospitals.

The results of all this, however, have been quite limited. Even Fernando Cabrera acknowledges, for example, that "the clinics are real good, but they're based on solidarity and they want to cure all diseases with a single medicine."

Roads? "It's not true that they're being built," contends Rodriguez Aguerro. At least in Coahuila, he says, nothing was done in this regard during Oscar Flores Tapia's term.

The clinics do exist, says Ricardo Rodriguez Dorbecker, a UAAAN researcher, "but they're located in urban or suburban areas, which forces the candelilla cutters to walk 200 kilometers to get care."

As far as the researchers and most of the candelilla cutters are concerned, the COPLAMAR programs have never gotten off the drawing boards. The fact is that the poverty is worse now than 4 years ago, they claim.

COPLAMAR itself acknowledges that in 14 agave-candelilla growing municipalities in Coahuila, for example, electric power service is poor, communications are deficient and nutrition indices are worse than in the rest of the state and the country.

These inadequacies also apply to housing. "The region's underprivileged status can be seen in the scant supplies of water for domestic consumption, because with the exception of Torreon and Saltillo, the rest of the municipalities have this service in fewer than 80 percent of the houses in the urban area, which means that the situation must be worse in rural areas."

The analysis done by the COPLAMAR experts is the same for Chihuahua, Durango, San Luis Potosi, Zacatecas, Nuevo Leon and Tamaulipas, squaring with the studies conducted by researchers from universities in the region: substandard living conditions, an alarming exodus to the Federal District and other cities, bracero workers, at least two persons dependent on each worker, an average daily wage of 14 pesos (7 pesos in 1978) and 1 doctor for each 2,000 inhabitants.

Dr Enrique Campos, the director of the Center for Applied Chemistry Research in Saltillo, explains that with the current method of farming candelilla it takes one man to produce a ton of wax a year and that many candelilla cutters have to walk tens of kilometers because the government has never made a decision to renew the resource and the capacity has been lacking.

"There are real possibilities for developing a candelilla wax industry," he asserts, "but the underlying problem is political."

Campos, who has been studying renewable desert resources for 10 years, feels that a comprehensive program should be developed in this field. "The COPLAMAR program were very good," he says, "but only in the short run, because we don't know what's going to happen with them. It was a fine show of organization. Where the system failed was that there were no politicians with vision who realized that these little plants do not spring up overnight and that the resource has been depleted."

The hunger caravans that the candelilla cutters have been conducting for 20 years now as a weapon in their struggle for higher prices have turned into veritable pilgrimages of the hungry into the cities under the economic crisis. The desert is deserted, with a population density of one person per square kilometer.

According to researcher Calderon Tinoco, because of the candelilla cutters' longstanding social disenfranchisement, a total of 281,833 people abandoned the region from 1940 to 1970, and he says that this figure almost doubled in the 1970's.

Maria de Gloria Marroni and Elsa Rodriguez, who are also UAAAN researchers, assert that temporary emigration is the best alternative for heads of family; there is a slight variation among young people, the two say: they leave for good.

"So urban centers have districts or streets dominated by migrants from certain places. The San Luisito district in Monterrey illustrates this situation; it consists of emigrants exclusively from San Luis Potosi. The Guayulera and Chamizal districts in Saltillo show a heavy concentration of residents from the General Cepeda municipality in Coahuila. And there are other cases."

This has led some municipal governments to implement programs under which lands are expropriated and sold on a long-term basis to rural emigrants who have decided to give up candelilla wax production. The program in Saltillo, for example, is called "Land and Hope."

But the former candelilla cutters are faced with another problem now. The crisis has brought a halt to the accelerated industrial development that cities like Saltillo and Monterrey experienced for 4 years. Now they are backtracking. Unemployment is rampant, and the peasants are being forced to return to their lands.

So now they do not even have a chance to become "decountrified."

Henequen: Ruin and Corruption

The henequen growers are no better off. Pitilessly exploited by the "Divine Caste" in Yucatan, suffocated for decades by government paternalism and ground down by corruption, they have now been dealt a clean, definitive blow by the crisis.

And there seems to be no way out for them. "At least I can't find one," says the manager of Banrural in Yucatan, Rogelio Valdes Carvajal.

Sixty-five year old Nicolas Cruz, who spend his early childhood amid the horror of a henequen farm, says that the situation among peasants today is the worst that he has experienced.

"As a boy I lived with my parents in Sacapuc," he relates. "They worked in the henequen fields, and we didn't have it as bad as on other estates, where there were even dungeons. But what's going on now is very serious. I can see that a lot of comrades are having a tough time even eating poorly with their families. There is sadness."

Both the manager of Banrural and the director of the Henequen Trust Fund, Ruben Castillo Fragoso, feel that the henequen crop, which 56,000 peasants live off of in 52 municipalities in Yucatan, has to be replaced by others.

"The sharply fluctuating price of henequen on the world market, the competition from chemicals and the lower-cost henequen from Brazil and Tanzania lead me to think that the henequen fields should be shifted to other crops in the medium term," says Valdes Carvajal.

According to this year's farm census, 210,000 hectares were devoted to henequen growing. This acreage yielded almost 70,000 tons of fiber, which was purchased by the government-run enterprise Cordemex.

The bureaucratic red tape surrounding henequen production is tortuous and very complicated. Banrural and the Henequen Trust Fund provide loans and subsidies to the peasants during the 7 years that it takes the plant to produce leaves from which the fiber can be removed. The leaves are then delivered to the two institutions, which subsequently sell them to Cordemex. A great many people who are alien to the peasants are involved in this process, and the peasants do not understand the procedures. They see the Banrural and the Trust Fund as the bosses who pay them for their work in the field and on the fiber-removing machines.

"The problem is that we are approaching things from top to bottom," says Castillo Fragoso. "Maybe this is why they don't realize that we're just financing them with loans and subsidies. To them, what we're giving them is pay, and that's the big problem. For example, this year the henequen growers have 400 million pesos in loans due with us. And they say to us: 'What do I owe you for? You paid me to plant the shoots, and I planted them; you paid me to weed the field, and I did; you paid me to cut leaves, and I cut them. So what do I owe you for?'"

The Trust Fund director acknowledges that this could be due to excessive government paternalism. "In any event," he says, "I think it would be a good idea to keep on taking land away from henequen production. The first experiments are already under way. Some municipalities already have hog and poultry farms, and others are planting citrus fruits. All are yielding good results."

He indicated that through these new activities the peasants are now earning some 600 pesos a week.

This does not solve the problem, however. Is the Trust Fund planning to grant further loans and subsidies next year?

"Of course," replies Castillo Fragoso. But you have to remember that the henequen growers owe us 400 million pesos for this year alone and 1.62 billion more from the 3 previous years. This money will have to be deducted from the new budget."

He explains that the 1983 budget "is subject to an overall authorization and that is will certainly be part of the bill that is now before the Chamber of Deputies, not at the trust level but as an overall allocation for all branches. We are submitting a budget of 7.094 billion pesos, but we don't know whether it has been authorized yet."

Last year's budget totaled 3.488 billion pesos. "Even if we deduct the more than 2 billion that the peasants owe us, the new budget shows a considerable increase," he says.

Far from the budgets, the numbers and the red tape, the peasants only know that solutions are not forthcoming.

"We want to continue working with henequen because that's what we've done all our lives," says Antonio Puk, from the community of Xcunya. "They say that 47 fiber-removing machines belong to us; we could use them in a cottage industry that would provide jobs to a lot of people."

He then complains: "The bad thing is that a lot of people live off our labor and live well, but not us."

The Banrural manager, however, sees this situation as normal. "Well, we do have set salaries and we don't have to go into the fields, but we do the administrative work."

There are a great many people engaged in this "administrative work." In addition to Banrural and the Trust Fund, there is a policy-making body called the Henequen Council, which is chaired by the state governor and includes the National Peasant Confederation and the Agrarian Reform Secretariat.

The underlying problem is that two distant and different worlds are facing each other in the henequen fields: the peasants, with their simple logic, who only know whether or not they have enough to eat, and the politicians, who try to impose their ideas and look out for their own interests.

The politicians boast: "We have already given them Social Security and retirement when they put in 500 weeks or reach age 65."

The henequen cutters reply: "If we get sick, they give us pills, but we've got no money because we're not working."

Miguel de la Madrid was in the henequen zone when he was running for president. He listened to petitions, complaints and praise during a meeting in the town of Mococho.

Economist and sociologist Alejandra Garcia Quintanilla, who runs the project entitled "Economic Structural Training in Yucatan," told the candidate on that occasion:

"We have lied to the henequen peasant farmers a thousand and one times. We've said we would keep our word. We've cheated them."

She now has this comment: "I've lived with many henequen peasant farmers. They're kind, docile and in spite of the tremendous poverty, which at times becomes destitution, in which those who handle their interests have them mired, they are proud and complain little."

The crisis is crushing them today.

8743

CSO: 3248/390

H. CASTILLO FEARFUL OF FOREIGN BUSINESS TAKEOVER

Mexico City PROCESO in Spanish 13 Dec 82 pp 35-36, 38

[Heberto Castillo Commentary: "From Mexico, S.A., to Mexico, U.S.A.?"]

[Text] The change of administration was consummated in Mexico on 1 December. The cabinet appointments show that few concessions were made to the past. The legislature still reflects some strong influences of the previous president, but not the cabinet. It consists almost entirely of Miguel de la Madrid's people. Most of the new secretaries and directors of state-run enterprises are university graduates, and a good many of them have done postgraduate studies overseas, most of them in the United States. The Mexican-style politicians got left behind. The government's officials have come with their caps and gowns, a new wave of university graduates, better trained than the ones who burst onto the national scene under Miguel Aleman Valdes 34 years ago.

It is a good thing that well-trained people are entering government. The frequent social estrangement of those who spend long periods of time studying overseas is cause for concern, however, because there they acquire customs different from those of their native land and often find their partners in life. This is to be expected, because those who leave to do postgraduate studies are frequently at the usual marrying age.

Perhaps the new government officials were able to overcome these problems and did not sink their roots in lands far from the one in which they were born and grew up. Let us hope so. We shall see.

For the time being, it has become evident that the way in which they want to go about resolving the serious problems besetting Mexico is very similar to the approach to the Third World's problems in the universities in developed capitalist countries. The influence of major financial institutions on the new cabinet is obvious. The resemblance between the proposals of the Immediate Economic Realignment Program (PIRE) and the International Monetary Fund's traditional recommendations is not fortuitous. They are almost precisely the same.

Though we might call it mixed, the nation's economy is, still and all, a capitalist economy. The state-run enterprises operate just like capitalist companies in terms of labor-management relations. If there is a difference, it is that the state-run enterprises allow for much more freedom to squander funds because the watchful eye of shareholders is absent. Since the sole shareholder is the people, who have no true representatives to look after their interests, the administrators have a free hand and submit exorbitant, fictitious bills year after year, which are invariably approved, with applause.

Now it looks as if Miguel de la Madrid's administration wants to restore order. It has to. Little by little, starting with the administration of Manuel Avila Camacho, the one that made the initial rectifications in Lazaro Cardenas's populist policy, Mexico has become a major capitalist enterprise. As basic industry was nationalized and land fell into the hands of former revolutionary large-estate owners, a monopolist State capitalism emerged. It was strong as far as back as under Adolfo Lopez Mateos, but attained grandiose proportions with Jose Lopez-Portillo's so-called oil boom. Pemex became the 37th largest capitalist enterprise in the world. And if we add the assets of the main state-run enterprises together, Mexico, S.A. perhaps numbers among the top 20. Is Mexico really a big commercial enterprise? Unfortunately, yes. And it serves its administrators and the major interests of imperialism, mainly Yankee imperialism,.

Over the past 6 years, oil, gas and all of the country's natural resources have been viewed more as merchandise than as the patrimony of the people. This is why they have been managed so poorly and why the country has hastily borrowed so much money that we are now the number one debtor nation in the world. We are mortgaging our oil and committing ourselves to delivering larger and larger amounts to the United States. We are now its main supplier and we have no hope of freeing ourselves from this commitment because we lack the resources to pay off our enormous debt.

The major developed nations took advantage of the Mexican Government's dimwittedness and pushed it into the snare that had been set for all to see. The time to spring the trap came at the close of the Lopez-Portillo administration. The time was ripe: runaway inflation that would top 100 percent in a few days; an abandonment of agriculture and a resulting shortage of foodstuffs that brought dependency on foreign sources with it; a huge foreign debt as a result of the investments to boost oil development capacity and nuclear and hydroelectric power output and of the government's excessive spending on luxuries in all sorts of works and projects. The time to exert the final, "opportune" pressure came when interest on the debt was equivalent to the value of all the oil and gas that Mexico exported. Imperialism realized at that moment that the big enterprise called Mexico S.A. was, as an enterprise, at its mercy. The transnational corporations have traveled this path many times. They have more than enough experience in taking over major enterprises that were founded in the Third World. And they will not stop applying the pressure until they make Mexico S.A. Mexico U.S.A.

We have to realize that so far the much-talked-about mixed economy has merely been the structuring of our homeland as a big private enterprise in service to its administrators and their declared or concealed partners.

State-run enterprises have traditionally been run as if they were capitalist companies, but with the proviso that they might not make a profit, because "their fundamental aim is to serve, not to earn profits." Under this pretext they have been pillaged time and again, and now to the extremes that we have seen in recent years. For many years now we have heard the argument that the government's enterprises subsidized the people and, as part of the people, businessmen of all kinds. It was only in recent years that we learned that the subsidies were monstrous and that 85 percent of them benefited businessmen, including those working for the State. The mixed economy enabled and enables government officials to take the biggest slice of the pie and transfer profits to their own private businesses. To do so they hired their private enterprise partners. But in recent times the interests of the bureaucratic bourgeoisie came into conflict with the interests of the bourgeoisie that had no formal links with the government. The latter went about pillaging the country and hauling off foreign currency so that it would be safe from the financial problems that the government was faced with. At the same time, the subsidies that the government grants to private business have exceeded any rational limit. They were rising every year and were up 82 percent in 1982. Foreign exchange outflows surpassed \$25 billion, and the dollars that were supposedly on deposit in national banks vanished. Thus, the banks had to be nationalized and exchange controls imposed.

The new administration now seems ready to halt the pillaging of the government's enterprises. To this end it must abolish the indiscriminate subsidies and the anonymity of the enterprise shareholders. These measures will shore up government revenues for several reasons. They will cut down on the shady deals that officials of government-run enterprises engage in when they award themselves contracts; there will be fewer subsidies for private enterprise, to the government's benefit; tax receipts will rise because it will be harder to evade taxes with registered stock, and the wealthiest individuals will pay more taxes.

Such measures will cause internal problems for the ruling class. Those who use front men will find themselves in a tight spot. How will interest be divided up now? Foreign investors hiding behind Mexican front men will be especially hard hit.

The businessmen-officials will not abandon the battlefield without a fight. They will defend their interests. They are well-placed in important government positions. It will not be easy to remove them. Many are governors, others are senators, deputies or chief executives of municipalities. There are even some very prominent ones in the judiciary.

Capitalist enterprises have also expanded in the countryside. Private capital controls the best lands, and strong transnational interests have sunk their roots in agriculture. Greater guarantees are now being promised

for landowners. Agrarian reform is a forgotten thing of the past to the new administration. The peasant farmers need only be given paid work.

But the peasant farmer poor are struggling for land. Squatters are arriving in waves. Millions of peasant poor are flocking to the cities in search of jobs. But, as President Miguel de la Madrid reports, open unemployment is double what it was a few months ago.

The crisis in the ruling class can perhaps be resolved with the measures announced under the PIRE, but not the national crisis. On the contrary, these measures will worsen it.

Freezing wages means forcing the workers to subsidize their employers. Each peso that they are not paid for the only commodity that they can sell, their labor, winds up in the hands of their bosses. If wages of 364 pesos have now lost 40 percent of their buying power, the 23 million Mexicans who make up the labor force are forcibly handing over to their employers at least 150 pesos each, which comes to 3.5 billion pesos a day or 1.28 trillion pesos a year, 18 percent of the 1983 federal budget! This absurdly unjust situation is intolerable. Thus, the PIRE, which proposes to freeze wages to protect jobs, will further upset the workers, even the ones who have been under control so far in the unions run by government-backing leaders. The union bosses might accept the government measures in the PIRE, but the rank and file will not. We will soon see the workers going over their leaders' heads, in all areas. Hunger is threatening unionized workers and has already taken hold of the poverty-stricken homes of nonwage-earners.

The 25 percent wage hike ceiling is unacceptable. Any wage hike ceiling is unacceptable. The Labor Congress has now had to demand a minimum wage of 575 pesos, in light of the circumstances, but with every intention of lowering its sights at the first squabble, inasmuch as this represents a hike of 58 percent over the current minimum wage. What will the administration decide? I would point out that a minimum wage of 575 pesos, which ought to be uniform throughout the country, would have the same buying power as the minimum wage at the outset of Jose Lopez-Portillo's administration (96.7 pesos), but prices have risen sixfold since then. The labor leaders will have to decide whether to hew to the government's line and see the rank-and-file go over their heads or to hoist the workers' banners and gain true power among their followers. We can thus predict that there will be splits in PRI.

The workers realize better all the time that PRI's changes every 6 years are not in-depth ones and that they serve only to consolidate the system of exploitation under which they are suffering. Everything is changed in appearance to preserve the basics of the system as much as possible. On this occasion, however, the crisis conditions are severe, as President Miguel de la Madrid himself acknowledges, painting a picture similar to the one that we critics of the system have painted. Hunger is harrying the working people. Some political organizations, like the PMT [Mexican Workers Party], are emerging as true instruments of struggle for the

workers in spite of all the refusals to register them. More workers are joining our ranks every day. Every day more Mexicans, realizing our financial shortcomings, send us contributions, many of them anonymously. Conditions over the coming months will be propitious for a mounting worker and peasant insurgence. The peasant poor are turning their backs on the organizations that back the government. Meanwhile, leaders in the capital are putting up posters all over in support of the new president. Significantly, the leaders of government-backed unions have not yet considered it prudent to take such action.

The proposed measures will not halt inflation. On the contrary, it will easily move from 100 to 200 percent or more. The profiteering in staple item is scandalous. The indiscriminate hikes in fuel prices have had chilling inflationary consequences. As prices skyrocket, discontent among the masses mounts, and this time without hopes for change, because the change has already come.

Mexico, like a big imperialist enterprise, is bolstering a monopoly state capitalism with its nationalized banks. Mexico, S.A. But the decision has already been announced to sell off the shareholdings expropriated along with the banks, \$43 billion worth of shares. There is not enough money in Mexico for the public to buy them. Foreigners will acquire them. Private business is still authorized to pay off its \$22 billion foreign debt with shares in its companies. If such sales go through, further foreign investment of up to \$65 billion will flow in, on top of the \$13 billion in Mexico as of 31 August 1982. We will become an enormous inbond assembly industry for the transnational corporations. We would suffer the fate of so many major enterprises that arose in underdeveloped countries, were transnationalized and came under the control of the imperialist giants. From a capitalist enterprise run mostly by the Mexican ruling class we would become mostly an inbond assembly plant run mainly by large-scale foreign investors. Thus, we are in danger of changing from Mexico, S.A. to Mexico, U.S.A. Careful!

8743

CSO: 3248/390

PSUM CALLS FOR UNITY IN OPPOSING GOVERNMENT POLICY

Mexico City UNOMAS UNO in Spanish 13 Dec 82 p 4

[Article by Sara Lovera]

[Text] Pablo Gomez, secretary general of the PSUM [Unified Socialist Party of Mexico], yesterday called on the country's Left to summon up all of its intelligence, strength and capacity for unity and oppose, as a single bloc, what he called the rightwing, antipeople's policy that the administration of Miguel de la Madrid intends to pursue. He had previously asserted that the announced economic measures and the policies that are being applied would aggravate the crisis and worsen the poverty, unemployment and underprivileged conditions of millions of Mexicans.

At a central meeting on the esplanade of the Palace of Sports on the final day of the PSUM Festival, Gomez cautioned that the Left's task cannot move forward without the organization, discipline and awareness of the men and women who are committed today to a feasible alternative plan that rejects the one that the State wants to impose.

In the presence of numerous sympathizers, he noted that the economic measures, the 10-point plan, the initiatives and the statements that have been put forth during the first 12 days of the new administration are already a threat to the entire population and are not only mistaken but also work against the people.

He pointed out further on that along with its economic program, the De la Madrid administration's political program aims at a two-party system (PRI/PAN [National Action Party]), which is a "dangerous trap" designed to "exclude us" and establish a dialogue between reactionaries. The struggle for democracy in all fields, in all unionns and ejidos, everywhere is of paramount importance. It is just as important to fight to make election returns truly proportional for all parties, so that the Left can really develop, because, he said, we now have "an unprecedented opportunity" to do so. Therefore, he stressed, organization, awareness and discipline are essential elements in waging the struggle and facing up to what is in store.

He underscored that "we are now witnessing an intensification of the rightwing, antipeople's policies that have been gradually introduced for some time," adding that "we are moving into a period in which an extremely conservative government faction is consolidating itself in power, no longer just sharing in it."

8743

CSO: 3248/390

COMPLAINT OF CLERICAL DISRESPECT FOR CONSTITUTION

Tuxtla Guitierrez LA VOZ DEL SURESTE in Spanish 19 Nov 82 p 5

[Editorial: "By Way of Editorial: Dialogue--Constitutional Violation"]

[Text] The force of the Catholic Church definitely feeds on the people, a believing and fanatical people, who before the social problems that they face are subject to easy manipulation. And even though in our country its participation is forbidden, nothing prevents it from being a participant in our future, which is essentially social.

As a living example, in Chiapas and Oaxaca states the intervention of the clergy in the people's political and social life has been evident. Samuel Ruiz and Bartolome Carrasco, who together with Mendex Arceo represent the pillar of the so-called progressive clergy which is headed internationally by the French priest Marcel Lefebvre, have been and continue to be closely involved with the social convulsions which both states are experiencing and even shielding the foreign-oriented guerrillas, thus endangering national political stability.

It is necessary to note that those who make up the progressive clergy were those who decided not to obey the statements originating from the Vatican councils, a fact which encouraged talk of a structural split in the Catholic Church.

It is understood that said restructuring involves a variety of interpretations and that the Church's basic structure--which is the sermon of the divine word--has not suffered the least decrease nor undermining since the purpose is the same.

For that reason the attitude of the progressive clergy is clear and its formative ideologies have nothing to do with its social structure. Hence, this deficiency and this fanaticism are being exploited in clandestine manner so that ideologies may be joined, [by methods] including the incitation of the masses, in order to preserve its existence.

It is known that the survival of the clergy has been sustained by its being constantly on the side of the winner. Today the clergy knows that the winner will be the people who are being scourged by the terrible recession now experienced by Mexico. For that reason the attitude assumed by the progressives has significant depth which makes us reflect on the fact that social imbalance is already a tangible thing and as real as the very survival of the preachers of God's word.

Our fears before the attitudes of the progressive clergy, which border on the arrogant, have been confirmed with the passage of time and we venture to say that these are well financed by people who are seeking a change in other ideological directions within a process not sought in democracy or social justice with freedom.

Another fact which confirms that the discords among the members of the clergy are related to interpretation rather than structure is the words spoken by Cardinal Ernesto Corripio Ahumada before the members of the Mexican episcopate when he demanded that the Church relinquish its shameful and critical attitude energetically and prudently in such serious moments as those which are approaching as well as provide encouragement and support when the state acts in the interest of truth and the public good.

The words of the Cardinal represent in themselves a serious warning about a fact familiar to all of us. The situation experienced by the country is critical, perhaps the most frightening in the past 30 years. Additionally, the Church's attitude emphatically goes against the constitutional provisions which in paragraph 9 of Article 130 textually state that "the ministers of religion may never, at a public or private meeting held jointly, nor in religious acts or religious propaganda, criticize the fundamental laws of the country, especially the authorities, or the government in general. Nor will they have an active or passive vote or the right to form organizations with political goals."

As is known, the gentlemen of the Church, both orthodox and progressive, disagree about the meaning of our Magna Carta. But as far as is known, the state has not directed either faction to follow its precepts, something which causes these fears, perhaps unfounded, to gather greater force.

What is certain is that the Church, let us repeat, views its survival being linked to the winners, the winners of fratricidal wars. That is how history has it.

2662

CSO: 3248/374

TEMPORARY WORKERS CONSTITUTE BULK OF TABASCO WORK FORCE

Mexico City EXCELSIOR in Spanish 30 Nov 82 pp 4-A, 30-A

[Article by Rogelio Hernandez]

[Text] Ciudad Pemex, Tabasco, 29 Nov--"No more than a 21-day minicontract before I have to go home," said a man admiring the iron tower as if he were imploring it. He may be a farmer, teacher, or apprentice among those who unsuccessfully hope to be signed up. They are unaware of the fact that the National Employment Service Committee, formed by various secretaries of state, ranks Tabasco State fourth in Mexico in terms of unemployment during 1981. They do not believe that in the past 3 months about 10,000 individuals at least also became unemployed.

These are part of the 400,000 new residents of Tabasco in no more than 10 years. Now many of them are becoming part of the scenery as they wait here, in Cardenas, Cunduacan, Huimanguillo, or Villahermosa. With their beaten-up suitcases they blend with the gray ocher of the smoke and the tank cars. They are unaware that the government of the state, according to Jose Ruiz Rangel, labor delegate, considers this to be one of the most serious problems, especially that during these months a crisis like that in the first half of 1981 is in the making, and that now the number of underemployed and unemployed exceeds 130,000.

Tabasco State has seen its population rise at a very rapid rate. In 1960 a total of 447,777 residents were counted. By 1970 the total had risen to 768,327, and in 1980 there were 1,135,132. Less than a quarter of them are employed. The record is available in the documents of the 10th National Population Census and the State Development Plan of Tabasco State Government.

That portion of the population which holds secure jobs barely reaches 150,000 since most of the workers are temporaries. "The fact that labor contracts are issued on a temporary basis is also part of the problem: In 1980 in the construction, oil, and trade sectors 86.95 percent, 61.96 percent, and 56.64 percent, respectively, of the jobs were temporary," it is reported as regards jobs in the State Development Plan.

In 1981 there occurred "a major employment crisis," according to the labor delegate. It seems that the problem is now repeating itself in aggravated manner. In the last few months the construction industry continued to be paralyzed. Jesus Bravata Pintado, president of the National Chamber of the Construction Industry, the sector's trade union leaders, and Ramon Nino Gonzalez, superintendent of the project of the Dos Bocas Petrochemical Complex in this state, presented the picture before various information media as follows.

Projects Are Suspended

More than 200 construction companies are paralyzed. Of these 77 are contractors of Ciudad Pemex in the industrial port of Dos Bocas. Other industrial and commercial installations, hotels, and housing projects were suspended.

The number of unemployed exceeds 10,000. The Mexican Social Security Institute [IMSS] alone reported that between January and October 1982 there was a drop of 9,331 from its regular rolls. Another number, perhaps of the same magnitude, has not been registered because these workers have no connection whatever with the IMSS. The trade union is certain that more than half of its members are unemployed.

And the rate of unemployment is much higher than that of jobs being opened. According to the report of Governor Leandro Rovirosa Wade during the recent visit of President Jose Lopez Portillo, in the last 3 years 156 new enterprises were opened giving jobs to 13,800 workers. But the bad part of this is brought out by the investigation committee of the government of Tabasco State which drew up the State Development Plan:

"The majority of those who succeed in finding jobs originate from other states because there are no trained workers here."

In the official report it says that on the basis of data supplied by various employers, "foreign personnel represent 35 percent of the professionals, 31.4 percent of skilled workers, and 26.5 percent of the unemployed. For this reason the increase in employment levels is hardly beneficial to the citizens of Tabasco State who thus see themselves compelled to occupy positions at the lowest skill and remuneration levels."

The lack of training is the major problem for the citizens of Tabasco State, it is learned from the portion relating to education in the same development plan, since nearly 115,000 individuals are illiterate and the average educational level corresponds to the third grade of primary school. And the low educational level becomes part of the vicious circle because recently a large portion of those seeking employment in Ciudad Pemex are rural teachers seeking higher income.

But Ciudad Pemex has only 22,228 plants [as published], according to the operational supervisor of the southern zone. The transients, who number slightly over 25,000, are subject to the fluctuations of necessity and nearly always end up being hired in other states.

The prospects are not very encouraging. Of the new enterprises, 7 percent close their doors within a short time because of structural deficiencies, the investigators of COPLADE headed by Pedro Rodriguez Sierra noted. "One hope is that by 1990 we will succeed in reducing the rate of underemployment from 35 to 20 percent."

There will be a need for at least 70,000 jobs in 1983 and the ambitious program drawn up in the State Development Plan barely calls for 35,000. In the meantime, many individuals of both sexes are becoming peddlers of everything.

2662

CSO: 3248/374

BRIEFS

ATTORNEY GENERAL'S OFFICE APPOINTMENTS--The Office of the Attorney General of the Republic yesterday announced new appointments. Samuel Alva Leyva, the former assistant attorney general, will take charge of the Information, Documentation and Legislative Studies Unit. The former warden of the Federal District's Oriente Prison, Fernando Garcia Cordero, will head up the Office of Preliminary Investigations. The post of inspector general will be taken by Jose Maria Ortega, who served as director general of Control and Evaluation in the Secretariat of Labor and Social Welfare. Eduardo Andrade Sanchez will take provisional charge of the secretariat's Public Relations Office and was also named director of administration. Dr Gustavo Malo Camacho, who was director of the National Institute of Criminal Sciences, becomes director of the Technical Institute. The following officials were also appointed in the Public Prosecutor's Office of the Federal District: Miguel Oscar Aguilar Ruiz as director general of Expert Services and David Romero Lopez as assistant director of the district's Judicial Police. [Text] [Mexico City UNOMASUNO in Spanish 11 Dec 82 p 4] 8743

ILLEGAL CENTRAL AMERICAN IMMIGRANTS--Ciudad Juarez, Chihuahua, 6 Dec--Fifteen illegal Central American aliens were arrested by Immigration Department Officers when they tried to cross the border, the representative of the Secretariat of Government, Jesus Cedano Barona, reported. He added that with these arrests a total of 28 illegal immigrants have been held in the last few weeks. The illegal immigrants, he noted, refused to give the names of those individuals who had brought them into Mexico. Among them are 12 Salvadorans, 2 Belizeans, and 1 Guatemalan. The head of immigration service, Mario Leal de la Garza, said that the illegal aliens will be taken to the Mexican capital and then deported to their countries of origin. [Article by Manuel Cabrera] [Text] [Mexico City EXCELSIOR in Spanish 7 Dec 82 p 30-A] 2662

END OF

FICHE

DATE FILMED

20 Jan 83

WB